C·2

MINISTRY BUSINESS PLAN

2000/01 to 2002/03

Alberta

AGRICULTURE, FOOD AND
RURAL DEVELOPMENT

Ministry of

Agriculture, Food and Rural Development

Business Plan

2000 to 2003

Additional copies of the Ministry's Three Year Business Plan can be obtained by contacting the department's Administration Division at (780) 427-2151. Also, copies of the Ministry's Regulatory Reform Workplan can be obtained by contacting the Policy Secretariat at (780) 422-2070.

Agriculture, Food and Rural Development

Ministry Business Plan 2000-03

Table of Contents

Accountability Statement 1

Introduction 2

Vision 2

Mission 3

Goals 3

Primary Clients 3

Measurable Results 3

Key Results, Measures, Strategies and Actions 3

Ministry Macro Performance Measures 11

Ministry Consolidated Income Statement 13

Appendices:

1. Department of Agriculture, Food and Rural Development Business Plan 15

2. Agriculture Financial Services Corporation Business Plan 33

3. Alberta Opportunity Company Business Plan 49

4. Alberta Dairy Control Board Business Plan 51

... continued...

Table of Contents (continued)

Appendices (continued):

5. Farmers' Advocate and Farm Implement Act Business Plan 63

6. Irrigation Council Business Plan 67

7. Surface Rights Board/Land Compensation Board Business Plan 71

8. Agricultural Products Marketing Council Business Plan 73

9. Alberta Grain Commission Business Plan 79

Ministry of Agriculture, Food and Rural Development

Business Plan 2000-03

Accountability Statement

This Business Plan for the three years commencing April 1, 2000 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at February 1, 2000 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

Ty Lund
Minister of Agriculture, Food and Rural Development
February 2, 2000

Introduction

The agri-food sector continues to be a key contributor to Alberta's economic prosperity:

- Farm production is Alberta's largest renewable resource-based industry. In 1998, the primary sector generated $6.4 billion in farm cash receipts, representing 21.7 per cent of Canada's primary agricultural output. Alberta farmers continue to increase their farm cash receipts relative to other provinces. Alberta averaged 20.1 per cent of Canada's primary output between 1989 and 1993.

- Secondary agricultural processing, including the food and beverage processing industries, is Alberta's largest manufacturing sector. Shipments set a new record for output in 1998 at $7.5 billion in sales. Alberta shipments now represent 12.6 per cent of Canadian food and beverage shipments, up from the average 10.9 per cent over the period 1989 to 1993.

- Primary agriculture combined with the food and beverage manufacturing industry was the third largest employer in the province in 1998. Employment in agriculture and food averaged 102,000 during 1998.

The agri-food sector offers significant potential for expansion in the years ahead:

- The industry and the Ministry believe there is an opportunity for the industry to grow to $20 billion in value-added shipments and $10 billion in farm cash receipts by 2005 to 2010.

- Achieving these growth levels would result in a sizable increase in direct employment in primary production and in the food and beverage sector, as well as contributing to the further development of rural Alberta.

The Ministry contributes to rural development by encouraging technology adoption, leadership and skill development, economic growth, environmental stewardship, risk management, physical infrastructure and regulations that are aligned with the goals and opportunities of self-reliant communities and industries.

The Ministry contributes to the government's three core businesses - **People, Prosperity and Preservation**. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, competitive agriculture and food industry that is sustainable and environmentally responsible.

Vision

We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.

Note: The Ministry Goals, Key Results, Measures, Strategies and Actions reflect activities of the Agriculture, Food and Rural Development Department; Agriculture Financial Services Corporation; Alberta Opportunity Company; Alberta Dairy Control Board; Farmers' Advocate; Irrigation Council; Surface Rights Board; Land Compensation Board; Agricultural Products Marketing Council; and Alberta Grain Commission.

Mission

We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

Goals

1. Improved capacity to respond to opportunities for growth.
2. Improved competitiveness of industry commodities, products and services.
3. Increased amount of value added to industry commodities, products and services.
4. Increased diversity of commodities, products and services.
5. Increased capability of industry to manage risk.
6. Improved environmental stewardship.
7. Continued excellence in food safety.
8. Improved management of the Ministry's resources.

Primary Clients

The Ministry will continue to direct most of its efforts towards its primary clients - defined as: those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Measurable Results

The Ministry's six overall performance measures reflect change at the macro level. These macro measures with related benchmarks, forecasts and targets are included on pages 11 to 12.

Key Results, Measures, Strategies and Actions

The following support goals 1 to 8:

- key results (what we expect to achieve),
- measures (how we will know if we are achieving the goals),
- strategies (how we are going to go about achieving the goals), and
- actions (what we are going to do specifically to achieve the goals).

Goal #1: Improved capacity to respond to opportunities for growth

KEY RESULTS	MEASURES
▪ Improved ability of Alberta's agriculture and food industry to respond to changing opportunities and challenges	▪ Reduction in barriers to growth ▪ Desirable changes in policy and legislation

Strategies:

- Increase competitive intelligence, strategic information and knowledge for use by industry.
- Support industry's needs by providing input to trade negotiations.
- Create a policy environment to optimally utilize human and natural resources.
- Strengthen industry capabilities and skills in responding to international trade disputes and/or help overcome trade constraints.

Actions:

- Conduct an agricultural summit to focus industry and government on an agreed upon course of action to seize the growing opportunities in the agri-food industry.
- Work with industry and the state departments of agriculture to improve cross border relations with the U.S.
- Provide strategic information and intelligence to help industry identify growth opportunities.
- Advocate improved Canadian Wheat Board (CWB) programs, policy and legislation to allow for more delivery options including the removal of barley from the CWB.
- Work with industry to prepare for the likely changes arising out of the next round of World Trade Organization negotiations.
- Facilitate the movement of livestock and livestock products between Canada and other jurisdictions, while maintaining health protocols.
- Participate in the development of national and international protocols governing the movement of food and livestock.
- Participate on an interdepartmental committee investigating the implications and opportunities arising from rapid growth in biotechnology.
- Promote the crop insurance policy and administration expertise of Agriculture Financial Services in Canada and internationally.
- Approve loans to Alberta businesses that have viable business proposals through financing provided by Alberta Opportunity Company, when support is not available from conventional lenders.
- Take action necessary to defend the interests of Alberta agricultural businesses associated with trade disputes.

Goal #2: Improved competitiveness of industry commodities, products and services

KEY RESULTS	MEASURES
▪ Improved ability of Alberta's industry to meet its customer's needs	▪ Alberta food and beverage industries' value of shipments
▪ Improved industry cost structure	▪ Farm Cash Receipts ▪ Production index for priority products

Strategies:

- In partnerships with industry organizations, universities, other government ministries, and Agriculture and Agri-Food Canada, support and undertake evaluations of alternative technologies to improve competitiveness.
- Provide the Beginning Farmer Loan Program to improve long-term farm viability.
- Work with industry to help them establish acceptable supply and value chain linkages.
- Transfer integrated and unbiased technology and knowledge to industry to help them remain competitive and responsive to growth opportunities.
- Continue to offer quality skill development opportunities, training, and educational programs in conjunction with industry and other stakeholders.
- Increase awareness of agriculture among Albertans.
- Advocate on behalf of industry to other levels of government to bring about changes which improve their competitiveness.
- Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.

Actions:

- Work toward a more accountable and less costly grain handling and transportation system.
- Encourage use of technologies that enhance competitiveness in crop and livestock production in Alberta.
- Complete work on assessing information needs for new value chains in primary agriculture with a focus of increasing the competitiveness of Alberta's agriculture and food sector.
- Use competitive intelligence to increase the availability of strategic information for use by industry in assessing opportunities.
- Transfer integrated and unbiased technology and knowledge to industry to help them remain competitive and responsive to changing conditions.
- Ensure all ministry legislation, regulations, and operating procedures are effective and that industry's compliance costs are minimized.
- Strengthen the Beginning Farmer Loan Program to improve long-term farm viability, including assessing whether the provision of the interest incentive should be based on economic conditions and financing costs, rather than an arbitrary five-year startup period.
- Develop new products and services for farm lending.
- Allocate $2 million of the farm lending budget to innovative business opportunities.

Goal #3: Increased amount of value added to industry commodities, products and services

KEY RESULTS	MEASURES
▪ Increase quantity of products processed in Alberta	▪ Dollars invested in value adding in Alberta
▪ Growth and development of the value-added sector	▪ Value of production of agriculture and food products

Strategies:

- Partner with others to develop opportunities, reduce constraints, and encourage new and expanded value-added investment and production in Alberta.
- Facilitate the development of new value-added products and technologies for use by Alberta's industry.
- Encourage investment in value added.
- Improve the transfer of integrated and unbiased technology and knowledge to assist industry in increasing their value-added capabilities.
- Enhance public awareness and understanding of the value-added industry.

Actions:

- Work with the management of AVAC Ltd. and the Agriculture Financial Services Corporation to encourage the long-term growth and development of the agriculture, food and fibre sector.
- Assist municipalities to develop water and wastewater treatment facilities to accommodate new agricultural processing development through the Municipal Industrial Wastewater Infrastructure Program.
- Advocate changes to those federal policies that discourage value adding.
- Expand investment knowledge of Agriculture Financial Services Commercial Financial Services to deliver financial products and services efficiently.
- Increase awareness of Agriculture Financial Services Commercial Financial Services in the agriculture and food industry to facilitate successful financing of the development and expansion of value-added businesses in rural areas.
- Develop and deliver needed capital and financial services through strategic alliances and partnering with others.
- Share information on the trends and opportunities in the expanding agri-business sector with key players in the value chain.
- Through the Food Processing and Development Centre and the Agricultural Value-Added Engineering Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value-added processes.
- Encourage the adoption of new technologies and technical skills through seminars, conferences, publications, and demonstrations focussed on value adding.

Goal #4: Increased diversity of commodities, products and services

KEY RESULTS	MEASURES
▪ Increased number of commodities grown, raised and processed in Alberta	▪ Value of production of non-traditional commodities and products
▪ Growth in the production of non-traditional commodities, products and services	▪ Value of processing of non-traditional commodities and products

Strategies:

- Continue to encourage more diverse, commercially sustainable production in Alberta.
- Support rehabilitation of irrigation infrastructure and optimal use of water resources allocated to irrigation.
- Improve the transfer of integrated and unbiased technology and knowledge to assist industry increase diversity.
- Encourage development of non-food, nutraceutical and pharmaceutical uses of agricultural products.

Actions:

- Investigate and evaluate technologies for diversified crops, livestock and food products and transfer new data, information and knowledge gained to industry.
- Support expansion of irrigation to increase opportunities for diversification and value-added processing.
- Work with irrigation districts to develop an Irrigation Infrastructure Management System to improve the assessment of rehabilitation requirements and plans.
- Help clients make appropriate decisions on diversifying based on economics/business analysis and information provided to them.
- Develop unique, specialized financial products and services for the commercialization of new businesses.
- Attract new capital investment for growth and diversification.

Goal #5: Increased capability of industry to manage risk

KEY RESULTS	MEASURES
▪ Increased use of new and existing risk management information and tools by the industry	▪ Results from risk management survey ▪ Resolution of policies and regulations which increase risks or constrain industry's ability to manage risk
▪ Effective safety net programs that reduce impacts of severe reductions in income	▪ Reference margins in Farm Income Disaster Program (FIDP) applications compared to program margins plus program payments ▪ Government program payments as a per cent of farm cash receipts ▪ Variation of net cash income

Strategies:

- Provide Alberta's agriculture and food industry with unique financial products and services.
- Provide Alberta farmers with an effective and efficient crop insurance program.
- Offer Alberta farmers effective and efficient whole-farm safety net programs.
- Advocate changes or removal of policies and regulations which increase risk or constrain industry's ability to manage risk.
- Encourage increased knowledge and skills that encourage independence and self-reliance and minimize risk from adverse events.

Actions:

- Conduct a major review of Alberta's crop insurance program, including:
  - identifying insurance coverage concepts which allow customers greater flexibility to customize insurance protection to their business needs, and
  - exploring the combination of crop insurance and other risk management tools.
- Evaluate existing safety net programs in collaboration with significant partners.
- Using the results of the 1998 Risk Management survey as a guide, and direction from the "Agriculture Summit", prepare a risk management plan and integrated risk performance measures (information on risk management tools and marketing strategies).
- Implement risk assessment programs with irrigation districts to allow them to assess irrigation expansion scenarios and manage available water during drought based on the results of the Year 2000 Review.
- Monitor results of private sector crop reinsurance over the next three years, and incorporate changes into future negotiations with the private sector.
- Develop a federal/provincial framework agreement on safety nets post-2000.

Goal #6: Improved environmental stewardship

KEY RESULTS	MEASURES
▪ Maintenance and improvement in the quality of soil and water resources	▪ Land productivity index ▪ Water quality index for agriculture (small streams)
▪ Maintenance and improvement in the quality of public land resources	▪ Range sustainability: average per cent utilization of allocated grazing capacity
▪ Sustainable use of public lands by agriculture, other industries, the public and wildlife	▪ Number of land and resource allocations

Strategies:

- Support and conduct evaluations to find more environmentally friendly technologies and management practices for crop, livestock and agricultural processing production that are cost effective and practical to implement under Alberta conditions.
- Support and transfer integrated, unbiased technology and knowledge to assist the industry in becoming more environmentally sustainable.
- Monitor changes in soil and water quality to determine the effect of agricultural production and processing operations on these resources.
- Provide clear direction through guidelines, standards and regulations of environmental performance requirements to sustain the quality of Alberta's soil, water and air resources.
- Develop and administer legislation consistent with Alberta's commitment to sustainable resource and environmental management.

Actions:

- Work with industry groups and research organizations to fund and conduct evaluations of technologies and management practices that will reduce the release of odors and nutrient contaminants from intensive livestock operations and land application of animal wastes.

- Allocate public land for agricultural, industrial, commercial and conservation uses using an integrated approach that considers all resource values in consultation with partners and customers.
- Monitor changes to soil and water quality in agricultural areas. Support continued monitoring in the Oldman, Crowfoot Creek and Haynes Creek basins.
- Support the work of Alberta Environmentally Sustainable Agriculture (AESA) Council, Beneficial Management Practices teams and other industry partners to promote the adoption by Alberta farmers of more environmentally friendly land, crop and livestock management practices.
- Support industry and provincial efforts to reduce greenhouse gas emissions.
- Create an integrated approach to link extension and education to the compliance and enforcement of regulations and standards for livestock operations covered by the Sustainable Livestock Operations Act. Initiate a peer review process to assist non-conforming operations.

Goal #7: Continued excellence in food safety

KEY RESULTS	MEASURES
▪ Safe food from production to consumption	▪ Incidence of food safety problems
▪ Increased consumer confidence in the safety of Alberta's food products	▪ Per cent of production from Alberta food processing plants that have adopted the Hazard Analysis Critical Control Point (HACCP) program ▪ Total production from Alberta farms which have adopted the HACCP program

Strategies:

- Promote adoption of "world class" food safety systems throughout the Alberta food chain.
- Provide a quick effective response to food safety problems.
- Strengthen food safety knowledge and skills of people working in Alberta's agri-food industry.
- Develop new knowledge and technology.
- Develop and administer essential policy and legislation.
- Communicate standards for food safety to industry and consumers.

Actions:

- Support industry in the development of safe food production protocols that are based on principles of HACCP throughout the food system.
- Develop an Alberta food safety emergency response plan and facilitate development of trace-back systems.
- Develop and administer food safety policies and legislation.
- Help industry solve problems encountered in the application of safe food production systems.
- Support the harmonization of legislation through partnership with Alberta Health and Wellness and the Canadian Food Inspection Agency.
- Investigate food safety issues such as the development of technology required for the detection of contaminants.

Goal #8: Improved management of the Ministry's resources

KEY RESULTS	MEASURES
▪ Competent, versatile employees	▪ Training fund statistics ▪ Results from Staffspeak survey
▪ Optimal use of financial and capital resources	▪ Budget targets met
▪ Client satisfaction with Ministry services and products	▪ Results from client survey

Strategies:

- Continue to enhance knowledge and information through Knowledge Management.
- Integrate planning and program development with other ministries.
- Explore partnership alliances for the better integration of human and fiscal resources.
- Improve:
  - business planning and implementation.
  - human resource development planning and programming.
  - fiscal responsibility and accountability.
- Provide effective and timely information to Ministry staff.

Actions:

- Encourage developmental initiatives and training through planning at the employee level and support for priority education and training.
- Further develop the Ministry's Internet site (Ropin' the Web) and Intranet site (Knowledge Management) to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information to provide better client service.
- Incorporate client feedback in the preparation of the plans and policies of the Ministry and develop and implement a more formalized process to obtain customer feedback on Ministry performance.
- Re-engineer the service delivery and business processes of Agriculture Financial Services to provide more flexibility to meet individual customer needs and leverage information technology investments.
- Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation through the development of an infrastructure management system and consultation with the irrigation districts to review the formula used for the allocation of provincial cost-shared funds to irrigation districts.
- Utilize new and innovative electronic technologies to enhance client service and Public Lands management decision making by expanding the Geographic Land Information Management and Planning System.
- Share corporate services and program delivery with other ministries.
- Implement results of 1999-2000 functional review, resulting in improved efficiencies and enhanced effectiveness of programs and services.

Ministry Macro Performance Measures

Note: Unless otherwise stated, the 1989-93 benchmarks for all measures are five year averages for 1989 to 1993. This time period was selected as the most typical period in agriculture relative to overall production and prices for agriculture products. Sources for data are Statistics Canada and Alberta Agriculture, Food and Rural Development.

1. Percentage of Canadian Farm Cash Receipts Alberta Farmers and Ranchers Account For

Income received by farmers and ranchers from the sale of products is called farm cash receipts. Government payments which make up less than four per cent of receipts are also included. This measure shows how Alberta farmers and ranchers are doing relative to other Canadian farmers and ranchers they compete against.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Farm Cash Receipts ($ millions)	4,625	6,483	6,382	6,350	6,500	6,900	7,050
Alberta as % of Canada	20.1	21.7	21.7	21.5	21.7	22.0	22.0

2. Net Cash Income of Alberta Farmers and Ranchers

Net Cash Income is derived by subtracting operating expenses (after rebates) from total cash receipts. This is the amount of cash remaining to cover the non-interest part of mortgage payments, purchase capital items, meet living expenses, accumulate savings and cover other non-farm expenses.

Net Cash Income

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Net Cash Income ($ millions)	1,034	1,607	1,393	1,150	1,000	1,000	1,150
Alberta as % of Canada	19.5	23.6	22.5	19.2	17.5	17.5	18.5

3. Percentage Contributed by Alberta's Food and Beverage Industry of Canada's Total Value of Shipments

Income received by Alberta's agriculture and food business processing and manufacturing firms is called value of shipments. This measure shows how Alberta businesses are doing relative to other Canadian businesses. Alberta processors have to compete with other firms across Canada both in the international marketplace as well as within Canada.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Value of Shipments ($ millions)	4,867	7,249	7,479	7,900	8,450	8,900	9,900
Alberta as % of Canada	10.9	12.4	12.6	12.7	13.2	13.3	13.6

4. Importance of Alberta's Agriculture,Food and Beverage Industries Relative to Alberta's Gross Domestic Product

Agriculture and food industries constitute the largest of Alberta's renewable resources. The comparison of this sector to other sectors in the Alberta economy illustrates its growth and potential.

Contribution to Alberta's Gross Domestic Product

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
% of Total Gross Domestic Product	4.6	4.9	4.8	4.9	5.0	5.2	5.4

5. Employment in Agriculture and Food

This measure illustrates changes in the level of employment. The agriculture, food and beverage manufacturing industry was the third largest employer in the province in 1998.

Employment of Albertans

(thousands)	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Primary Agriculture	86.2	83.1	82.2	83.0	85.0	86.0	90.0
Food and Beverage	18.1	20.0	19.8	20.0	20.1	21.0	22.0
Total	104.3	103.1	102.0	103.0	105.1	107.0	112.0

6. Alberta Land Productivity Indicator

This measure records changes in long-term land productivity as indicated by annual crop output. Although year-to-year changes in productivity occur due to variation in the weather, the long-term average is effective in showing trends.

Output (Tonnes/Acre)

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Indicator	0.783	0.927	0.921	0.97	0.972	0.95	0.98

Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in the province was converted to a standard base - tonnes of wheat per acre. This conversion allows for the difference in yields of the various crops. Although soil degradation is still a concern on some lands, most producers use sound land management practices which will ensure long-term sustainability of agriculture in Alberta.

AGRICULTURE, FOOD AND RURAL DEVELOPMENT
MINISTRY INCOME STATEMENT

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
REVENUE						
Internal Government Transfers	11,628	42,820	42,820	11,620	11,620	11,620
Transfers from Government of Canada	113,070	97,852	141,859	53,404	54,290	55,413
Investment Income	80,852	78,128	83,908	87,389	91,647	95,901
Premiums, Fees and Licences	92,122	90,862	86,178	92,434	94,375	96,359
Other Revenue	64,810	53,262	66,609	65,161	65,215	65,221
MINISTRY REVENUE	362,482	362,924	421,374	310,008	317,147	324,514
EXPENSE						
Program						
Farm Income Support	104,049	136,178	299,004	201,576	201,682	201,911
Lending	21,411	24,213	27,190	27,604	27,446	28,620
Insurance	144,339	195,591	105,473	189,528	192,678	196,302
Ministry Support Services	16,040	16,990	17,119	17,056	17,083	17,216
Planning and Competitiveness	30,672	30,228	30,265	30,544	30,603	30,801
Industry Development	39,006	38,937	39,160	40,943	40,934	41,588
Sustainable Agriculture	27,102	26,882	27,142	27,870	28,032	28,432
Public Lands	9,809	10,440	10,276	10,350	11,250	11,950
Infrastructure Assistance	30,230	23,200	24,765	28,700	19,000	19,000
Quota Exchange and Restricted Expense	59,705	47,904	59,377	59,322	59,322	59,322
Valuation Adjustments	990	5,651	5,660	8,240	7,432	6,566
Program Expense	483,353	556,214	645,431	641,733	635,462	641,708
Debt Servicing Costs						
Agriculture Financial Services Corporation	51,443	55,135	48,495	60,102	57,821	54,948
Alberta Opportunity Company	4,536	4,569	4,800	5,100	5,258	5,243
Ministry Debt Servicing Costs	55,979	59,704	53,295	65,202	63,079	60,191
MINISTRY EXPENSE	539,332	615,918	698,726	706,935	698,541	701,899
Gain (Loss) on Disposal of Capital Assets	(8)	-	(10)	-	-	-
Gain (Loss) on Inventory Held for Resale	-	(20)	(20)	(20)	(20)	(20)
NET OPERATING RESULT	(176,858)	(253,014)	(277,382)	(396,947)	(381,414)	(377,405)

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
Ministry Revenue	362,482	362,924	421,374	310,008	317,147	324,514
Inter-ministry consolidation adjustments	(11,628)	(42,820)	(42,820)	(11,620)	(11,620)	(11,620)
Consolidated Revenue	350,854	320,104	378,554	298,388	305,527	312,894
Ministry Program Expense	483,353	556,214	645,431	641,733	635,462	641,708
Inter-ministry consolidation adjustments	(698)	(690)	-	-	-	-
Consolidated Program Expense	**482,655**	**555,524**	**645,431**	**641,733**	**635,462**	**641,708**
Ministry Debt Servicing Costs	55,979	59,704	53,295	65,202	63,079	60,191
Consolidated Expense	538,634	615,228	698,726	706,935	698,541	701,899
Gain (Loss) on Disposal of Capital Assets	(8)	-	(10)	-	-	-
Gain (Loss) on Inventory Held for Resale	-	(20)	(20)	(20)	(20)	(20)
CONSOLIDATED NET OPERATING RESULT	(187,788)	(295,144)	(320,202)	(408,567)	(393,034)	(389,025)

Appendix 1: Department of Agriculture, Food and Rural Development

Business Plan 2000-03

Table of Contents

Introduction 16

Mission and Goals 16

Major Strategies 16

Highlights for 2000-01 17

Measurable Results 18

Our Values 18

Key Results, Measures, Strategies and Actions 19

Financial Plan 31

Introduction

- The department's three-year business plan continues to build on previous plans. The plan sets out department strategies and actions through to 2003 to help achieve Ministry goals and meet the Ministry's mission. The plan is consistent with overall government direction. It continues to be customer-driven, reflecting a broad range of input, as expressed through a number of formal and informal consultation processes.

- The department believes the agriculture and food sector offers the opportunity for strong growth in the years ahead. This growth will be led by an expanding value-added sector, which in turn will lead to growth in the primary industries and the further development of rural Alberta. Increased primary production and the potential for increase, as in the case of hogs and specialty crops such as potatoes, will attract investment in processing opportunities.

Mission and Goals

- The department is committed to the Ministry's mission:

  We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

- In addition, it has adopted and contributes to the eight Ministry goals.

1. Improved capacity to respond to opportunities for growth.
2. Improved competitiveness of industry commodities, products and services.
3. Increased amount of value added to industry commodities, products and services.
4. Increased diversity of commodities, products and services.
5. Increased capability of industry to manage risk.
6. Improved environmental stewardship.
7. Continued excellence in food safety.
8. Improved management of the Ministry's resources.

Major Strategies

Major strategies for application in 2000 to 2003:

- Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.
- In partnership with industry organizations, universities, other government ministries, and Agriculture and Agri-Food Canada support and undertake evaluations of alternative technologies to improve competitiveness.
- Transfer integrated and unbiased technology and knowledge to industry to help it remain competitive and responsive to growth opportunities.
- Partner with others to develop opportunities, reduce constraints, and encourage new and expanded value-added investment and production in Alberta.
- Provide clear direction through guidelines, standards and regulations of environmental performance requirements to sustain the quality of Alberta's soil, water and air resources.
- Strengthen the food safety knowledge and skills of people working in the agriculture and food industry.

- Manage public lands for agricultural, industrial, environmental and public benefit.
- Provide farmers with an effective and efficient crop insurance program.
- Offer farmers effective and efficient whole-farm safety net programs.
- Provide the Beginning Farmer Loan Program to improve long-term farm viability.
- Provide the agriculture and food industry with unique financial products and services.

Highlights for 2000-01

Key initiatives include:

- Conduct an agricultural summit to focus industry and government on an agreed upon course of action to seize the growing opportunities in the agriculture and food industry.
- Advocate improved Canadian Wheat Board (CWB) programs, policy and legislation to allow for more delivery options, including the removal of barley from the CWB.
- Approve loans to Alberta businesses that have viable business proposals through financing provided by Alberta Opportunity Company, when support is not available from conventional lenders.
- Take action necessary to defend the interests of Alberta agricultural businesses associated with trade disputes.
- Work toward a more accountable and less costly grain handling and transportation system.
- Strengthen the Beginning Farmer Loan Program to improve long-term farm viability, including assessing whether the provision of the interest incentive should be based on economic conditions and financing costs, rather than an arbitrary five-year startup period.
- Allocate $2 million of the farm lending budget to innovative business opportunities.
- Work with irrigation districts to develop an Irrigation Infrastructure Management System to improve the assessment of rehabilitation requirements and plans.
- Conduct a major review of Alberta's crop insurance program, including identifying insurance coverage concepts which allow customers greater flexibility to customize insurance protection to their business needs, and exploring the combination of crop insurance and other risk management tools.
- Work with industry groups and research organizations to fund and conduct evaluations of technologies and management practices that will reduce the release of odors and nutrient contaminants from intensive livestock operations and land application of animal wastes.
- Create an integrated approach to link extension and education to the development of, and compliance with, standards for livestock operations. Initiate a peer review process to assist non-conforming operations.
- Develop an Alberta food safety emergency response plan and facilitate development of trace-back systems.
- Support the harmonization of legislation through partnership with Alberta Health and Wellness and the Canadian Food Inspection Agency.
- Implement the results of a 1999-2000 functional review, resulting in improved efficiencies and enhanced effectiveness of programs and services.

The department's operating budget of $448 million is comprised of:

- $78 million for the following major grant funded programs:
  - $33.5 million for Farm Fuel Distribution Allowance,
  - $17.2 million for the Irrigation Rehabilitation Program,
  - $11.5 million for the Municipal Industrial Wastewater Infrastructure for Agriculture Processing Program,
  - $8.7 million for Agricultural Societies,

- $2.9 million for Agricultural Initiatives,
- $2.2 million for the Surface Rights and Land Compensation,
- $2.0 million for Farm Based Grants (AESA),

- $22.0 million for Planning and Competitiveness, including Rural Development, Policy Secretariat, and Economics and Competitiveness.
- $40.1 million for Industry Development, including Animal Industry, Plant Industry, Processing Industry and Regional Advisory Services.
- $36.2 million for Sustainable Agriculture, including Resource Management and Irrigation, Food Safety, Technical Services and Public Lands Management.
- $14.9 million for ministry support services, including Communications, Information Technology Services, Human Resource Services, Financial Services and Facilities Management.
- $256.8 million for contributions to provincial agencies.

Measurable Results

- The importance of having meaningful measures to monitor progress is recognized by all staff.

- The department supports the six macro measures included in the Ministry plan, which are good overall measures to reflect industry change in line with defined goals. In addition:
  - the department has developed indicators for each of the eight goals (as outlined in the "Action Plans" which follow), and has identified measures for each of these indicators,
  - divisions and branches continue to develop sets of measures specific to their areas, and
  - employees have been encouraged to identify measures related to their individual performance, as part of the Employee Performance Development Process.

- All of these measures will be monitored to support strategic and operational planning and decision making.

Our Values:

The values of staff are vital to quality service, productivity and morale. The successful achievement of the key results for goal 8, Improved Management of Ministry's Resources, is tied to these values.

As employees, we are:

- client driven
- clear in our direction
- committed to high performance
- accountable for achieving the business plan
- team players
- respectful of others
- continually seeking improvement in a changing environment
- committed to developing effective partnerships

Key Results, Measures, Strategies and Actions

The following support goals 1 to 8:

- key results (what we expect to achieve),
- measures (how we will know if we are achieving the goals),
- strategies (how we are going to go about achieving the goals), and
- actions (what we are going to do specifically to achieve the goals).

Goal #1: Improved capacity to respond to opportunities for growth

KEY RESULTS	MEASURES
▪ Improved ability of Alberta's agriculture and food industry to respond to changing opportunities and challenges	▪ Reduction in barriers to growth ▪ Desirable changes in policy and legislation

Strategies:

- Increase competitive intelligence, strategic information and knowledge for use by industry.
- Support industry's needs by providing input to trade negotiations.
- Create a policy environment to optimally utilize human and natural resources.
- Strengthen industry capabilities and skills in responding to international trade disputes and/or help overcome trade constraints.

Actions:

- Conduct an agricultural summit to focus industry and government on an agreed upon course of action to seize the growing opportunities in the agri-food industry.
- Work with industry and the state departments of agriculture to improve cross border relations with the U.S.
- Provide strategic information and intelligence to help industry identify growth opportunities.
- Advocate improved Canadian Wheat Board (CWB) programs, policy and legislation to allow for more delivery options, including the removal of barley from the CWB.
- Work with industry to prepare for the likely changes arising out of the next round of World Trade Organization negotiations.
- Facilitate the movement of livestock and livestock products between Canada and other jurisdictions, while maintaining health protocols.
- Participate in the development of national and international protocols governing the movement of food and livestock.
- Participate on an interdepartmental committee investigating the implications and opportunities arising from rapid growth in biotechnology.
- Take action necessary to defend the interests of Alberta agricultural businesses associated with trade disputes.
- Develop new varieties of barley, triticale and winter wheat with special qualities to meet the needs of industry.

Goal #2: Improved competitiveness of industry commodities, products and services

KEY RESULTS	MEASURES
▪ Improved ability of Alberta's industry to meet its customer's needs	▪ Alberta food and beverage industries' value of shipments
▪ Improved industry cost structure	▪ Farm Cash Receipts ▪ Production index for priority products

Strategies:

- In partnerships with industry organizations, universities, other government ministries, and Agriculture and Agri-Food Canada, support and undertake evaluations of alternative technologies to improve competitiveness.
- Provide the Beginning Farmer Loan Program to improve long-term farm viability.
- Work with industry to help them establish acceptable supply and value chain linkages.
- Transfer integrated and unbiased technology and knowledge to industry to help them remain competitive and responsive to growth opportunities.
- Continue to offer quality skill development opportunities, training, and educational programs in conjunction with industry and other stakeholders.
- Increase awareness of agriculture among Albertans.
- Advocate on behalf of industry to other levels of government to bring about changes which improve their competitiveness.
- Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.

Actions:

- Work toward a more accountable and less costly grain handling and transportation system.
- Encourage use of technologies that enhance competitiveness in crop and livestock production in Alberta.
- Complete work on assessing information needs for new value chains in primary agriculture with a focus of increasing the competitiveness of Alberta's agriculture and food sector.
- Use competitive intelligence to increase the availability of strategic information for use by industry in assessing opportunities.
- Transfer integrated and unbiased technology and knowledge to industry to help them remain competitive and responsive to changing conditions.
- Ensure all ministry legislation, regulations, and operating procedures are effective and that industry's compliance costs are minimized.
- Evaluate and adapt new opportunities and technological advances in co-operation with other government agencies, industry associations, and technology transfer organizations and companies.
- Expand the department's information base and work toward increased usage of the Internet site by external users.
- Provide customers with information products to integrate new management and crop protection ideas and technologies into their production systems.
- Provide economic/business analysis and information on competitiveness to clients.
- Develop, update and maintain primary farm economic and agri-food statistical data, databases and information at the provincial, national and international levels.

- Work with industry to develop decision support systems for farm managers.
- Develop and transfer information to improve the design of livestock facilities and handling systems that increase production efficiencies, enhance animal and human welfare, and improve manure management.
- In partnership with industry, develop agricultural education awareness resources and train educators.
- Disseminate information on the use of technology to industry through publications, computerized databases, conferences, and on-farm demonstrations.
- Expand the delivery of the Department's extension and business management information on the Internet through continued development of the "Ropin the Web" site.
- Partner with local municipalities to facilitate industry and rural development through funding, consultation, training and educational programs to agri-food businesses and rural organizations to enable them to successfully deliver soil and water conservation, weed and pest control, and educational programs.
- Partner with Alberta Learning, high schools, colleges, universities and industry to deliver the Green Certificate farm training program.
- Further develop leadership skills of 4-H members and leaders to strengthen Alberta's competitive position in the future.
- Ensure delivery of appropriate occupational health and safety training to employers and employees.
- Assist industry to develop sound management practices that encourage increased competitiveness.
- Work with industry on quality assurance and pest management programs through rapid identification and detection of plant disease, insect pests and weeds.
- Assist industry to implement cost effective and efficient irrigation water applications.
- Collaborate with the agriculture industry to improve the awareness of agriculture among Alberta teachers, youth and the general public.
- Examine alternative schemes for receipts of grains by the Canadian Wheat Board at export positions and advocate recommended proposals.
- Attract new capital investments for strategic growth.
- Assist clients to expand where there is a competitive advantage.
- Provide financial support to agricultural societies to develop and enhance their volunteer leadership skills, community agricultural programming and facilities.
- Through the Agriculture Service Boards and Agriculture Development Committees, enhance community infrastructures that increase efficiency, reduce costs and sustain resources.
- Harmonize federal and provincial legislation to reduce duplication through partnership and regulatory review.
- Work with Municipal Affairs and industry to ensure a fair and equitable distribution of municipal property taxes across the grain and livestock sectors.

Goal #3: Increased amount of value added to industry commodities, products and services

KEY RESULTS	MEASURES
▪ Increase quantity of products processed in Alberta	▪ Dollars invested in value adding in Alberta
▪ Growth and development of the value-added sector	▪ Value of production of agriculture and food products

Strategies:

- Partner with others to develop opportunities, reduce constraints, and encourage new and expanded value-added investment and production in Alberta.
- Facilitate the development of new value-added products and technologies for use by Alberta's industry.
- Encourage investment in value added.
- Improve the transfer of integrated and unbiased technology and knowledge to assist industry in increasing their value-added capabilities.
- Enhance public awareness and understanding of the value-added industry.

Actions:

- Work with the management of AVAC Ltd. and the Agriculture Financial Services Corporation to encourage the long-term growth and development of the agriculture, food and fibre sector.
- Assist municipalities to develop water and wastewater treatment facilities to accommodate new agricultural processing development through the Municipal Industrial Wastewater Infrastructure Program.
- Advocate changes to those federal policies that discourage value adding.
- Through the Food Processing and Development Centre and the Agricultural Value-Added Engineering Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value-added processes.
- Encourage the adoption of new technologies and technical skills through seminars, conferences, publications, and demonstrations focussed on value adding.
- Share information on the trends and opportunities in the expanding agri-business sector with key players in the value chain.
- Encourage strong industry strategic business alliances.
- Partner with the Agriculture and Food Council of Alberta to increase the awareness of value chains and facilitate value chain development.
- Encourage existing companies to expand their operations in Alberta.
- Together with partners, identify and match Alberta processors to opportunities for joint ventures, co-packing, private label arrangements, or investment alliances.
- Provide specific client project assistance including site selection and services.
- In conjunction with Alberta Human Resources and Employment, complete a study of the current and future human resource needs of the value-added industry.
- Complete the expansion of the Food Processing Development Centre.
- Conduct evaluations of new technologies on production and feeding standards for improved physical characteristics of Alberta beef.
- Conduct evaluations of new technologies that enhance milk components that have high value for human consumption.
- Investigate new processing opportunities in industrial or non-food product and new use areas.
- Increase the knowledge level for value-added agri-businesses alternative financial strategies.
- Encourage environmentally sustainable processing practices in the industry through the Alberta Environmentally Sustainable Agriculture program and International Organization for Standards 14000 awareness.
- Encourage the industry to adopt Hazard Analysis Critical Control Point (HACCP) practices and International Organization for Standards.
- Partner with Alberta Environment and the Alberta Food Processors' Association to educate and inform the industry of changing requirements for environmental registration and approval.

Goal #4: Increased diversity of commodities, products and services.

Key Results	Measures
▪ Increased number of commodities grown, raised and processed in Alberta	▪ Value of production of non-traditional commodities and products
▪ Growth in the production of non-traditional commodities, products and services	▪ Value of processing of non-traditional commodities and products

Strategies:

- Continue to encourage more diverse, commercially sustainable production in Alberta.
- Support rehabilitation of irrigation infrastructure and optimal use of water resources allocated to irrigation.
- Improve the transfer of integrated and unbiased technology and knowledge to assist industry to increase diversity.
- Encourage development of non-food, nutraceutical and pharmaceutical uses of agricultural products.

Actions:

- Investigate and evaluate technologies for diversified crops, livestock and food products and transfer new data, information and knowledge gained to industry.
- Support expansion of irrigation to increase opportunities for diversification and value-added processing.
- Work with irrigation districts to develop an Irrigation Infrastructure Management System to improve the assessment of rehabilitation requirements and plans.
- Help clients make appropriate decisions on diversifying based on economic/business analysis and information provided to them.
- Attract new capital investment for growth and diversification.
- Work with industry to increase the number and volume of new, special and horticultural crops.
- Encourage increased non-traditional uses of traditional crops.

Goal #5: Increased capability of industry to manage risk

Key Results	Measures
▪ Increased use of new and existing risk management information and tools by the industry	▪ Results from risk management survey ▪ Resolution of policies and regulations which increase risks or constrain industry's ability to manage risk
▪ Effective safety net programs that reduce impacts of severe reductions in income	▪ Reference margins in Farm Income Disaster Program (FIDP) applications compared to program margins plus program payments ▪ Government program payments as a per cent of farm cash receipts ▪ Variation of net cash income

Strategies:

- Provide Alberta's agriculture and food industry with unique financial products and services.
- Provide Alberta farmers with an effective and efficient crop insurance program.
- Offer Alberta farmers effective and efficient whole-farm safety net programs.
- Advocate changes or removal of policies and regulations which increase risk or constrain industry's ability to manage risk.
- Encourage increased knowledge and skills that encourage independence and self-reliance and minimize risk from adverse events.

Actions:

- Conduct a major review of Alberta's crop insurance program, including:
  - identifying insurance coverage concepts which allow customers greater flexibility to customize insurance protection to their business needs, and
  - exploring the combination of crop insurance and other risk management tools.
- Evaluate existing safety net programs in collaboration with significant partners.
- Using the results of the 1998 Risk Management survey as a guide, and direction from the "Agriculture Summit", prepare a risk management plan and integrated risk performance measures (information on risk management tools and marketing strategies).
- Implement risk assessment programs with irrigation districts to allow them to assess irrigation expansion scenarios and manage available water during drought based on the results of the Year 2000 Review.
- Develop a federal/provincial framework agreement on safety nets post-2000.
- Assist clients to understand and apply strategies and tools to manage risk by providing risk management training and learning opportunities.
- Develop and implement farm safety and health educational programs.
- Prepare an effective drought response plan.
- Encourage the adoption of new and improved crop production and protection practices by producers and processors.

Goal #6: Improved environmental stewardship

KEY RESULTS	MEASURES
▪ Maintenance and improvement in the quality of soil and water resources	▪ Land productivity index ▪ Water quality index for agriculture (small streams)
▪ Maintenance and improvement in the quality of public land resources	▪ Range sustainability: average per cent utilization of allocated grazing capacity
▪ Sustainable use of public lands by agriculture, other industries, the public and wildlife	▪ Number of land and resource allocations

Strategies:

- Support and conduct evaluations to find more environmentally friendly technologies and management practices for crop, livestock and agricultural processing production that are cost effective and practical to implement under Alberta conditions.
- Support and transfer integrated, unbiased technology and knowledge to assist the industry in becoming more environmentally sustainable.
- Monitor changes in soil and water quality to determine the effect of agricultural production and processing operations on these resources.
- Provide clear direction through guidelines, standards and regulations of environmental performance requirements to sustain the quality of Alberta's soil, water and air resources.
- Develop and administer legislation consistent with Alberta's commitment to sustainable resource and environmental management.

Actions:

- Work with industry groups and research organizations to fund and conduct evaluations of technologies and management practices that will reduce the release of odors and nutrient contaminants from intensive livestock operations and land application of animal wastes.
- Allocate public land for agricultural, industrial, commercial and conservation uses using an integrated approach that considers all resource values in consultation with partners and customers.
- Monitor changes to soil and water quality in agricultural areas. Support continued monitoring in the Oldman, Crowfoot Creek and Haynes Creek basins.
- Support the work of Alberta Environmentally Sustainable Agriculture (AESA) Council, Beneficial Management Practices teams and other industry partners to promote the adoption by Alberta farmers of more environmentally friendly land, crop and livestock management practices.
- Support industry and provincial efforts to reduce greenhouse gas emissions.
- Create an integrated approach to link extension and education to the compliance and enforcement of regulations and standards for livestock operations covered by the Sustainable Livestock Operations Act. Initiate a peer review process to assist non-conforming operations.
- Develop and promote the adoption of nutrient management strategies that will reduce the impact of livestock wastes on water quality.
- Develop interactive decision support systems to help producers integrate beneficial management practices into their production systems.
- Conduct technology transfer activities to increase the utilization of forages in beef and sheep rations.
- Support the development of biological control of insect pests.
- Participate in the development of aquifer sensitivity maps in agricultural areas where there are significant livestock populations and irrigation development.
- Implement legislation and policies contained in the Agricultural Dispositions Statutes Amendment Act such as stewardship audit, use respect, conflict resolution and conservation and resource financing.
- Participate in the development of regional strategies and sub-regional plans for public lands in accordance with the new Integrated Resource Management approach and assist with the implementation of the Special Places program.
- Inspect and certify that reclamation of completed mineral exploration and development projects on public lands meets the standards.
- Work with partners to communicate beneficial management practices which maintain or improve natural biodiversity and protect natural areas.
- Encourage sound management practices of riparian areas, wetlands, woodlots, and range on private and public land.

- Work with clients to achieve sustainability and stewardship of the range resource on public land grazing dispositions.

Goal #7: Continued excellence in food safety

KEY RESULTS	MEASURES
▪ Safe food from production to consumption	▪ Incidence of food safety problems
▪ Increased consumer confidence in the safety of Alberta's food products	▪ Per cent of production from Alberta food processing plants that have adopted the Hazard Analysis Critical Control Point (HACCP) program ▪ Total production from Alberta farms which have adopted the HACCP program

Strategies:

- Promote adoption of "world class" food safety systems throughout the Alberta food chain.
- Provide a quick, effective response to food safety problems.
- Strengthen food safety knowledge and skills of people working in Alberta's agri-food industry.
- Develop new knowledge and technology.
- Develop and administer essential policy and legislation.
- Communicate standards for food safety to industry and consumers.

Actions:

- Support industry in the development of safe food production protocols that are based on principles of HACCP throughout the food system.
- Develop an Alberta food safety emergency response plan and facilitate development of trace-back systems.
- Develop and administer food safety policies and legislation.
- Help industry solve problems encountered in the application of safe food production systems.
- Support the harmonization of legislation through partnership with Alberta Health and Wellness and the Canadian Food Inspection Agency.
- Investigate food safety issues such as the development of technology required for the detection of contaminants.
- Package scientifically accountable information that supports the high level of safety of Alberta's food products and addresses potentially controversial food safety issues such as genetically modified organisms (GMOs).
- Survey food products produced in Alberta to ensure that they are safe and of high quality.
- Provide continuing education and resource materials on food safety in cooperation with industry and other stakeholders.
- Provide quality assurance services to private sector laboratories and audit services to industry administered food safety programs.
- Communicate Alberta's food safety standards to domestic and international trading partners and consumers.

Goal #8: Improved management of the Ministry's resources

KEY RESULTS	MEASURES
▪ Competent, versatile employees	▪ Training fund statistics ▪ Results from Staffspeak survey
▪ Optimal use of financial and capital resources	▪ Budget targets met
▪ Client satisfaction with Ministry services and products	▪ Results from client survey

Strategies:

- Continue to enhance knowledge and information through Knowledge Management.
- Integrate planning and program development with other ministries.
- Explore partnership alliances for the better integration of human and fiscal resources.
- Improve:
  - business planning and implementation.
  - human resource development planning and programming.
  - fiscal responsibility and accountability.
- Provide effective and timely information to Ministry staff.

Actions:

- Encourage developmental initiatives and training through planning at the employee level and support for priority education and training.
- Further develop the Ministry's Internet site (Ropin' the Web) and Intranet site (Knowledge Management) to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information to provide better client service.
- Incorporate client feedback in the preparation of the plans and policies of the Ministry and develop and implement a more formalized process to obtain customer feedback on Ministry performance.
- Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation through the development of an infrastructure management system and consultation with the irrigation districts to review the formula used for the allocation of provincial cost-shared funds to irrigation districts.
- Utilize new and innovative electronic technologies to enhance client service and Public Lands management decision making by expanding the Geographic Land Information Management and Planning System.
- Share corporate services and program delivery with other ministries.
- Implement results of 1999-2000 functional review, resulting in improved efficiencies and enhanced effectiveness of programs and services.
- Promote corporate values that reflect the future direction for the Department and expectations of employees and managers.
- Recognize staff and team accomplishments.
- Provide employees with adequate resources, such as equipment, to do their jobs.
- Emphasize and support continuity of leadership through innovative programs and activities.
- Develop and implement a goal focused planning process.
- Use product teams to improve cross-sectoral department planning in priority areas.

- Foster a continuous learning culture through the sharing of information and knowledge.
- Maintain an effective information technology infrastructure, providing user-friendly access 24 hours a day, seven days a week.
- Provide leadership in coordinating the standardization of mapping software, such as geographic information systems, with other agencies, including Agriculture and Agri-Food Canada, to enhance cooperation in research and monitoring.
- Review and manage the public lands revenue sharing agreement with Alberta Environment.
- Continue to amalgamate Public Lands, Regional Advisory Services, and Agriculture Financial Services Corporation Lending and Insurance offices and assess the feasibility of further office amalgamations with other agricultural agencies.
- Upgrade the government's financial and human resource system (IMAGIS) to improve financial and management reporting.
- Ensure a safe and productive work environment and provide training to reduce worksite incidents and accidents.
- Manage the province's Prince Rupert Grain Terminal investment in partnership with Alberta Treasury, and the rail hopper car investment.
- Enhance partnerships with industry and other government agencies to develop and transfer new information and technology.

Ministry Macro Performance Measures

Note: Unless otherwise stated, the 1989-93 benchmarks for all measures are five year averages for 1989 to 1993. This time period was selected as the most typical period in agriculture relative to overall production and prices for agriculture products. Sources for data are Statistics Canada and Alberta Agriculture, Food and Rural Development.

1. Percentage of Canadian Farm Cash Receipts Alberta Farmers and Ranchers Account For

Income received by farmers and ranchers from the sale of products is called farm cash receipts. Government payments which make up less than four per cent of receipts are also included. This measure shows how Alberta farmers and ranchers are doing relative to other Canadian farmers and ranchers they compete against.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Farm Cash Receipts ($ millions)	4,625	6,483	6,382	6,350	6,500	6,900	7,050
Alberta as % of Canada	20.1	21.7	21.7	21.5	21.7	22.0	22.0

2. Net Cash Income of Alberta Farmers and Ranchers

Net Cash Income is derived by subtracting operating expenses (after rebates) from total cash receipts. This is the amount of cash remaining to cover the non-interest part of mortgage payments, purchase capital items, meet living expenses, accumulate savings and cover other non-farm expenses.

Net Cash Income

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Net Cash Income ($ millions)	1,034	1,607	1,393	1,150	1,000	1,000	1,150
Alberta as % of Canada	19.5	23.6	22.5	19.2	17.5	17.5	18.5

3. Percentage Contributed by Alberta's Food and Beverage Industry of Canada's Total Value of Shipments

Income received by Alberta's agriculture and food business processing and manufacturing firms is called value of shipments. This measure shows how Alberta businesses are doing relative to other Canadian businesses. Alberta processors have to compete with other firms across Canada both in the international marketplace as well as within Canada.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Total Value of Shipments ($ millions)	4,867	7,249	7,479	7,900	8,450	8,900	9,900
Alberta as % of Canada	10.9	12.4	12.6	12.7	13.2	13.3	13.6

4. Importance of Alberta Agriculture,Food and Beverage Industries Relative to Alberta's Gross Domestic Product

Agriculture and food industries constitute the largest of Alberta's renewable resources. The comparison of this sector to other sectors in the Alberta economy illustrates its growth and potential.

Contribution to Alberta's Gross Domestic Product

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
% of Total Gross Domestic Product	4.6	4.9	4.8	4.9	5.0	5.2	5.4

5. Employment in Agriculture and Food

This measure illustrates changes in the level of employment. The agriculture, food and beverage manufacturing industry was the third largest employer in the province in 1998.

Employment of Albertans

(thousands)	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Primary Agriculture	86.2	83.1	82.2	83.0	85.0	86.0	90.0
Food and Beverage	18.1	20.0	19.8	20.0	20.1	21.0	22.0
Total	104.3	103.1	102.0	103.0	105.1	107.0	112.0

6. Alberta Land Productivity Indicator

This measure records changes in long-term land productivity as indicated by annual crop output. Although year-to-year changes in productivity occur due to variation in the weather, the long-term average is effective in showing trends.

Output (Tonnes/Acre)

	1989-1993 Benchmark	1997 Actual	1998 Actual	1999 Estimate	2000 Forecast	2001 Forecast	2003 Target
Indicator	0.783	0.927	0.921	0.97	0.972	0.95	0.98

Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in the province was converted to a standard base - tonnes of wheat per acre. This conversion allows for the difference in yields of the various crops. Although soil degradation is still a concern on some lands, most producers use sound land management practices which will ensure long-term sustainability of agriculture in Alberta.

Department of Agriculture, Food and Rural Development
Income Statement

(thousands of dollars)	1998-99 Actual	1999-2000 Budget	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Revenue:						
Transfers from Province of Alberta	11,628	42,820	42,820	11,620	11,620	11,620
Transfers from Government of Canada	268	48,121	9,121	100	-	-
Fees, Premiums and Licenses	16,508	14,157	14,407	14,268	15,034	15,839
Other Revenue	1,233	575	658	645	645	645
Total Revenue	**29,637**	**105,673**	**67,006**	**26,633**	**27,299**	**28,104**
Expense:						
Department Operations	105,521	97,146	97,451	109,174	110,741	112,823
Amortization	3,994	4,348	4,348	4,253	4,254	4,254
Subtotal	109,515	101,494	101,799	113,427	114,995	117,077
Major Funded Programs:						
Farm Fuel Distribution Allowance	32,224	33,500	33,500	33,500	33,500	33,500
Infrastructure Assistance:						
- Irrigation Rehabilitation	17,630	-	3,000	17,200	19,000	19,000
- Municipal Industrial Wastewater	12,600	1,000	-	11,500	-	-
Development Funding	8,800	25,600	25,600	-	-	-
Lottery Funded Programs:						
Agricultural Societies	8,682	8,670	8,670	8,670	8,670	8,670
Agricultural Initiatives	2,946	2,950	2,950	2,950	2,950	2,950
Infrastructure Assistance:						
- Irrigation Rehabilitation	-	17,200	17,200	-	-	-
- Municipal Industrial Wastewater	-	5,000	4,565	-	-	-
Rural Development	-	7,000	7,000	-	-	-
Technical Services	-	1,500	1,500	-	-	-
Processing Industry	-	500	500	-	-	-
Transfers to Agencies:						
Agriculture Financial Services Corporation	77,490	155,798	233,758	251,210	245,990	241,714
Alberta Opportunity Company	5,521	5,447	5,447	5,524	5,570	5,603
Surface Rights/Land Compensation Boards	2,275	2,172	2,140	2,207	1,785	1,811
Farmers' Advocate	473	483	497	549	552	563
Agricultural Products Marketing Council	479	531	509	543	545	552
Irrigation Council	254	255	255	264	265	270
Alberta Grain Commission	206	231	231	237	237	241
Alberta Dairy Control Board	162	164	164	181	183	187
Total Gross Expense	**279,257**	**369,495**	**449,285**	**447,962**	**434,242**	**432,138**
Valuation Adjustments	668	(390)	(390)	(10)	-	-
Loss on Disposal of Capital Assets	(8)	-	-	-	-	-
Net Operating Expense	**250,296**	**263,432**	**381,889**	**421,319**	**406,943**	**404,034**

Appendix 2: Agriculture Financial Services Corporation

Business Plan 2000-03

Table of Contents

Vision 34

Mission 35

Operating Principles 35

Characteristics of Our Desired Future 36

Assessment of Nature and Degree of Risk 36

Key Assumptions Made for the 2000-03 Business Planning Cycle 37

Goals, Strategies, Key Results, and Performance Measures 38

General Business Performance, Efficiency and Activity Measures 42

Human Resource Management 43

Teamwork 43

Innovation 44

Financial Plan 45

Vision

...unique financial services to Grow Alberta

Government of Alberta

The Government of Alberta business plan focuses on Growing Alberta in the following core areas:

People...

helping people to be self-reliant, capable and caring through:

- a healthy society and accessible health care
- basic support and protection for those in need
- lifelong learning
- excellent schools, colleges, universities and training institutes
- supportive families and compassionate communities

Prosperity...

promoting prosperity for Alberta through:

- a dynamic environment for growth in business, industry and jobs
- a highly skilled and productive workforce
- open markets in Canada and internationally for trade and investment
- new ideas, innovation and research
- an open and accountable government that lives within its means
- an efficient system of roads, highways, utilities and public spaces

Preservation...

preserving the Alberta tradition of:

- a safe society where justice prevails
- a clean environment
- strong values and culture
- pride in Alberta and strength within Canada
- strong communities

AFSC

AFSC is uniquely positioned to contribute to all three core business areas of government - People, Prosperity and Preservation, with a particular focus on prosperity. AFSC provides:

- lending
- investment
- loan syndication
- risk management services, such as insurance and farm income support
- financial and management advisory services

to help grow and sustain Alberta's agri-industry, and rural Alberta.

These core businesses are delivered through a variety of programs, products and services directly or through strategic alliances and partnerships with the financial industry and business.

The programs include:

- crop insurance
- beginning farmer loans
- hail insurance
- commercial financial services
- farm income disaster support
- wildlife and waterfowl damage compensation
- developing farmer loans
- disaster assistance loans
- Alberta farm development loans
- general and specific guarantees

Significant potential exists for agri-industry growth. The goal is a $20 billion value-added sector coupled with a $10 billion primary production sector by 2005. AFSC's unique knowledge of finance and the agri-industry, coupled with strategic alliances will provide a significant contribution to achieving this goal.

Mission

We help customers in the developing agri-industry fulfil their business goals by offering unique financial services.

Corporate Philosophy

How We Conduct Our Business

We offer individual, confidential service to our customers, keeping decision-making as close to the customer as possible. We treat our customers openly, honestly and fairly, with sensitivity, and trust.

We believe in providing extra service, such as financial advice, to help our customers develop sound management skills. We consult with our customers to verify that we are doing the right things and ensure that customers are satisfied with the level of service being given. Service will be fair, prompt and cost effective. We will strive to continuously improve everything we do...forever.

We believe that helping to develop viable businesses will fulfil our obligations to responsibly manage funds and to promote development of the agriculture and food industry.

We recognize that efficient businesses establish alliances with both public and private organizations to share expertise and to define and advance common goals.

We believe in conservation and responsible management of the environment.

How We Treat Our Employees

We work at creating a climate of excellence in all areas, encouraging creativity, innovation and individual initiative. We understand that when errors occur, they provide a constructive learning experience.

We encourage our staff to find better ways to do the right things with a minimum of "red tape". We delegate and decentralize decision-making to empower employees.

We encourage employee contributions through corporate recognition, advancement and rewards based on performance.

We stress employee training because we believe that education and skills of our employees are an investment for our customers and the organization.

We encourage cross-training of our employees and familiarity with all our programs so that most staff can deliver services in an emergency.

Operating Principles

Continuously Improve Customer Service and Satisfaction

Decision making will be as close to the customer as possible. We will seek customers' opinions before making significant policy and procedural changes.

Participate in Developing Policy on Agricultural Finance and Risk Management Issues

We will use our expertise to work with others in developing agricultural policies and programs.

Encourage Operating Alliances That Result in Improved Products and Services to Customers

We will work with other agencies serving the agri-food industry to make best use of resources while reducing duplication.

Practice Prudent Fiscal Management

We will continuously seek ways to deliver programs and services more efficiently, reduce costs, increase revenue, and market our expertise without compromising program integrity.

Characteristics of Our Desired Future

The agriculture and financial sectors are undergoing dramatic change as a result of globalization, technology, growing electronic commerce, demographics, changing consumer demand, increased awareness of environmental issues, deregulation and restructuring (mergers and consolidations, horizontal integration of financial services). Canadians have led the world in developing and adopting technologies such as automated teller machines and debit cards. Alberta and B.C. led the nation in the use of personal computers for farm business management purposes. Twenty-three per cent of farms used personal computers in 1996, nearly double that of 1991. The pace with which change is occurring is accelerating.

To help us think strategically while acting on today's challenges, this section describes some of the characteristics of our future. Some of these characteristics may be present today; others may emerge over the next 10 years. However, being aware of them is the first step to thinking strategically and begin to plan for them today. The characteristics, which will also be present in the financial services sector generally, include:

- faster service for most customers.
- customers who don't need contact at local district offices will likely think AFSC staff are more effective and efficient in responding to them.
- more customers using electronic access to service rather than "over the counter" service.
- more knowledgeable staff resulting from more effective training and performance reviews.
- customers needing less service from staff will likely receive small discounts which reflect lower delivery costs.
- fewer offices - offices likely in major trading centres.
- staff numbers will be reduced through attrition and retirements over the next 10 years.

Assessment of Nature and Degree of Risk

The Business of Financial Risk Management

AFSC is in the business of enabling the agri-industry to manage risk. AFSC develops insurance and lending products which help individual businesses hedge risk – reduce risk exposure – against uncontrollable world markets, weather and interest-related events. The objective is to enable businesses to protect their earnings and cash flow from the risks that threaten them by reducing the variability of their cash flows. Risk management is not a chance to make profits, but rather an opportunity to level out peaks and valleys in margins.

AFSC's Primary Goal and Risk

AFSC's primary goal is to provide agri-industry businesses access to affordable tools they need to manage risk, while minimizing the Government's exposure. So AFSC helps businesses mitigate their risks to a manageable level, recognizing no business can eliminate risk totally. Risk is mitigated through insurance contracts and long-term fixed interest rate loans. When uncontrollable world markets and weather related events negatively impact profit margins of producers/owners, programs such as crop insurance and farm income disaster offer a measure of stability, enabling businesses to continue operating viably. AFSC's program expenditures reflect yearly conditions, therefore, expenditures are higher when conditions are disastrous or lower in uneventful years.

AFSC Risk Management

AFSC manages risk to minimize Government exposure through:

- purchasing private sector reinsurance to reduce government exposure on an annual basis.
- prudent borrowing with varying terms, interest rates and debt instruments which match lending and borrowing amortization periods.
- operating actuarially sound insurance programs.
- securing loans.

Key Assumptions Made for the 2000-03 Business Planning Cycle

In developing the business plan for AFSC, the following key assumptions have been made for the 2000-03 business planning period:

- reasonably stable commodity prices.
- reasonably stable interest rates.
- progress by the industry toward the goals of $10 billion in primary production and $20 billion in value added processing by 2005.
- insurance claims are forecast based on long-term historical averages. Actual weather conditions could change these forecasts significantly.
- federal funding for crop insurance and companion programs will be sufficient to fund these programs according to current cost sharing arrangements.
- provincial revenues will be sufficient to maintain forecast provincial contributions to AFSC programs.
- major AFSC programs are demand driven and forecast demand is based on current forecast economic conditions. Variances in economic conditions from those forecast could result in substantial changes in demand for AFSC programs.
- the present high level of investment in information technology will enable AFSC to provide a platform to enable electronic transactions with customers which will result in reduced administration cost ratios over 5 to 10 years.

Goals, Strategies, Key Results, and Performance Measures

Goal #1: AFSC will encourage investment in value-added production through the use of AFSC Commercial services and leveraging AFSC funds

Interpretation

Due to limited AFSC dollars, other sources of capital must be utilized. The majority of investment will be owners' equity and funds from sources other than AFSC.

KEY RESULTS	MEASURES
▪ Increased investment to grow the value- added production industry in Alberta	▪ Total investment for value-added businesses facilitated by AFSC Commercial ▪ Number of loans disbursed to value-added businesses ▪ Number of value-added businesses obtaining financing through AFSC Commercial

Strategies:

Industry

Increase awareness of AFSC Commercial in the agri-industry to facilitate (broker deals between business owners, lenders and investors) successful financing of development and expansion of value-added businesses and rural areas.

Delivery

Develop and deliver needed capital and financial services through strategic alliances and partnering with others, including:

- agency relationships [e.g., Farm Credit Corporation (FCC)].
- debt syndications and facilitations.
- AFSC Commercial direct lending to value-added processors.
- primary debt funding through new alliance partners.
- new equity and subordinate debt sources.
- equity investment facilitation.
- facilitation of improved access to capital for primary production in high potential growth sectors to supply Alberta processors.

Staff

Expand market expertise and investment knowledge of AFSC Commercial Financial Services to deliver financial products and services efficiently in key market areas including:

- a greater presence in Southern Alberta.
- better access to, and distribution of, industry information.
- better linkages with other agriculture Ministry resources to capitalize on market knowledge and expertise.
- greater AFSC Commercial awareness of the array of existing and new financing options.

Customers

Identify value-added business target markets and business prospects, along with capital requirements, and develop strategies to enable entrepreneurs to access capital to start or expand businesses in Alberta.

Products

Develop unique and specialized products which are tailored to meet customer needs, fill "capital gaps" and support value-added sector growth.

Information

Building on the work of the Alberta Growth Summit, continue to share current information on the importance, trends and opportunities in the expanding agri-business sector, with all the key players in the value chain – producers, investors, processors, distributors and consumers.

Goal #2: To complement the existing agriculture safety net package by March 31, 2002, AFSC will research, develop and test concepts (including alternative reinsurance initiatives, whole farm production and income insurance and weather based production insurance), and develop new and existing products to meet customer needs

KEY RESULTS	MEASURES
▪ Thirty per cent of Research and Development staff time dedicated to researching, developing and testing concepts	▪ Percentage of Research and Development staff time spent on research
▪ Common issues relating to the changes stakeholders (producers, Alberta Government, and Canada Government) want in AFSC's products are identified	▪ Number of stakeholder common issues (relating to changes in AFSC products) identified
▪ New and existing products are developed in response to customer needs	▪ Number of recommendations (or proposals) for new or modified production and income risk management programs and products

Strategies:

- implement private sector crop reinsurance and monitor results over next three years and incorporate changes into future negotiations with private sector.
- research, develop and evaluate insurance coverage concepts which allow customers greater flexibility to customize insurance protection to their business needs.
- promote implementation of risk management strategies as an essential component of successful farm business management practices.
- test weather tracking systems as the basis for a weather based crop protection program.
- make recommendations as a result of evaluating the Farm Income Disaster Program (FIDP) pilot project (1998) and explore the combination of crop insurance and FIDP as a whole-farm program with a premium attached.

- research feasibility of reinsuring FIDP.
- research feasibility of price insurance.
- continue to evaluate existing safety net programs in collaboration with significant partners.

Goal #3: To help industry achieve its goals, AFSC will offer unique farm financial services to assist beginning farmers with establishing potentially viable farms

Interpretation

"Unique financial services" in this goal refers to loans to new and existing beginning farmers via direct loans or Vendor Mortgage Plans. Any loan AFSC makes will establish or enhance potential viability of farms.

KEY RESULTS	MEASURES
▪ Beginning farmers have access to farm credit	▪ Number of Beginning Farmer Program loans authorized ▪ Value of Beginning Farmer Program loans authorized
▪ Beginning farmers have access to financial counselling services, when required	▪ Number of beginning farmers receiving financial counselling services ▪ Number of financial counselling hours provided to beginning farmers
▪ Beginning farmers establish viable farms to help sustain the agriculture industry	▪ Percentage of Beginning Farmer Program customers making loan payments in a timely manner ▪ Percentage of beginning farmer portfolio against which security actions have been undertaken

Strategies:

- strengthen the Beginning Farmer Loan Program to improve long-term farm viability, including:
  - a review of need for interest incentive provided on basis of economic conditions and financial market costs, rather than arbitrary five year startup period.
  - assess demographics of aging farm owner population and identify potential Beginning Farmer Program changes required.
  - respond to input from focus groups, product and service delivery feedback and customer surveys.
  - identification of "best farm management practices" of successful farms and delivery of financial counselling to support customer adoption of best practices including risk management, business planning, performance measurement and sound financial management systems.
  - year end beginning farmer consulting services focussing on analysis of business results and opportunities.
  - determine requirements and cost-benefits to graduate beginning farmers to commercial lenders within 10-15 years of farm startup.
  - recommend changes to existing AFSC program parameters and policies to meet evolving agri-industry needs.
  - identify vendor mortgage plan product usage barriers and redesign product to increase use or discontinue product.
  - increase the industry and community awareness of AFSC products and services available to Grow Alberta primary production to $10 billion by 2005.

- allocate $2 million of farm lending budget to leading edge/innovative opportunities.
- develop new products/services for farm lending; look for new opportunities.

Goal #4: To meet or exceed customer service expectations 90 per cent of the time by March 31, 2002, AFSC will make improvements to customer service delivery

Interpretation

Training (or cross-training) is a key element but there are many other aspects of delivery that may increase customer satisfaction. Improvements to customer service delivery includes improvements to products.

KEY RESULTS	MEASURES
▪ 90 per cent or more of AFSC customers will be satisfied with AFSC service delivery	▪ Percentage of customers who are satisfied with AFSC's service delivery

Strategies:

- develop and maintain a staff complement of highly motivated and skilled staff, and improve internal communications. Six competencies:
  1. appropriate knowledge of all AFSC products and services.
  2. customer service and satisfaction skills.
  3. teamwork and team-building skills.
  4. technology skills to deliver products and services.
  5. product and services marketing skills.
  6. continuous change management and innovation skills.
- develop appropriate succession plans.
- improve customer communications and improve corporate profile:
  - obtain feedback on service delivery.
  - define acceptable (to customer and AFSC) service level expectations and manage to them.
- redesign existing delivery services to provide more flexibility to meet individual customer needs.

Goal #5: To provide greater flexibility in the way financial services are delivered, by the end of March 31, 2003, AFSC will have the capability to provide at least 50 per cent of services to customers via electronic means

Interpretation

- Customers use electronic technology to conduct business with AFSC. AFSC uses electronic technology to improve service, minimize costs, communicate, provide information, promote/sell/deliver our business products and services.
- Capability is the measure of performance for this goal. "50 per cent of services" is defined as types of transactions and not number of transactions. Savings generated by achieving greater efficiencies should be passed along to users.

KEY RESULTS	MEASURES
▪ AFSC will have the capability to provide at least 50 per cent of services to customers via electronic means	▪ Number of services available electronically

Strategies:

- develop electronic access (e.g., the "Ropin' the Web" Internet site) so customers may acquire information and develop incentives for customers to use electronic access.
- re-engineer service delivery and business processes to be compatible with electronic delivery, leveraging customer alliances and AFSC investment in information technology to:
  - improve customer access to AFSC product and service information.
  - enable customers to electronically conduct business.
  - reduce customer costs to deal with AFSC.
  - reduce AFSC program administration costs.
- consider 1-800 phone centre (automated "tips").

Goal #6: To improve cost-efficiency and Grow Alberta, AFSC will market its services to other jurisdictions in Alberta, Canada and internationally

KEY RESULTS	MEASURES
▪ AFSC has business arrangements with other jurisdictions which generate positive cash flow	▪ Number of business arrangements with other jurisdictions ▪ Total positive dollars generated

Strategies:

- Continue discussions with the Governments of Canada and Chile to market AFSC Crop Insurance policy and administration expertise.

General Business Performance, Efficiency And Activity Measures

Our business plan sets the direction for change along with the strategies to implement that change and measure our progress. However, we can not lose sight of our day to day business. We have customers accessing and using our current products and services and we must be able to monitor their satisfaction with the capability of our current products and services to meet their intended objectives. As well, we need to be able to monitor the impact of our new initiatives on them. For these reasons, we track and monitor several key performance, efficiency and activity measures.

Human Resource Management

Our employees are the most basic building block to success - success in meeting or exceeding customer expectations; success in applying technology and innovation to programs, products and services; success in re-engineering and continuously improving processes; and ultimately for the success in achieving Government and the Corporation's business plan goals. Recognizing this, AFSC will:

- implement a human resource plan to ensure the organization has the capability to respond to changing industry and customer needs, with employees who have the right knowledge, attitude and skills, in the right number at the right place.
- implement a corporate training plan which addresses core competencies and cross-training to provide organization and individual flexibility.
- conduct an employee survey to determine the level of employee satisfaction and identify areas for improvement.
- continue to involve employees in business unit tactical planning and individual goal setting.
- continue to recognize and reward contributions for innovation, results achieved and a strong customer service attitude.
- continue to regularly communicate to all employees, using a variety of communication techniques.
- implement a succession plan.

KEY RESULTS	MEASURES
▪ Employee satisfaction	▪ Percentage of AFSC employees who say they are satisfied

Teamwork

Recognizing that few issues reside exclusively within one organizational unit, AFSC will continue to make extensive use of teams within the Corporation, ministry, government, industry and with our alliance partners. Over the next planning period, AFSC will:

- continue to develop staff skills in the areas of teamwork and teambuilding.
- enhance its close working relationship with the Department of Agriculture, Food and Rural Development, through initiatives in the areas of the Internet, use of specialists in specific loan and insurance situations, use of economic services for statistics and trends, and use of shared office accommodation and resources.
- work with existing customers individually and via focus groups, to ensure programs, products and services remain responsive.
- work with the financial industry to ensure alliances remain strong and responsive.
- work with investors to leverage funds and build new alliances.
- work with industry organizations and other Ministries to develop practical solutions to customer needs in such areas as ungulate damage compensation.
- build on its relationship with the Province of British Columbia regarding joint administrative functions including information technology and program delivery.
- continue its close relationship with Alberta Treasury and the Auditor General to improve planning processes, performance measurement and financial reporting.
- work in cooperation with other central agencies, such as Alberta Infrastructure, to ensure effective utilization of shared resources such as space and simplify paperwork processes.
- utilize cross-functional teams within AFSC to ensure a total "systems/process" approach to re-engineering, improving or developing new programs, products and services.

Innovation

AFSC views responding to customer needs and development of information technology systems as opportunities for innovation. The Corporation also recognizes that the only certainty in the future is that change will occur, and that it will occur at a faster pace. Successful implementation of AFSC's Business Plan and achievement of the government's goals will require innovation. Innovation is the process of staff identifying opportunities for improvement or change and determining the best way to effect change. This will require skills which are highly valued by government and business - "learning how to learn" and "thinking outside of the box". To support this type of environment, AFSC will:

- increase the emphasis placed on developing continuous change management and innovation skills.
- recognize innovation through its awards programs, project and job assignments.
- challenge staff to identify innovative ways to leverage AFSC's and its customers' investment in information technology to better respond to needs.
- continue to pursue an administrative alliance with British Columbia for delivery of additional programs and shared information technology development.
- explore better ways to measure the effects of innovation on products, services and processes used to meet customer needs (e.g., per cent of revenue from new or enhanced products and services; measuring the savings to AFSC and customers as a result of process improvements, number of employee suggestions implemented).
- using relationships with private reinsurers, explore new opportunities outside AFSC to reinsure government risk.

Financial Plan

Agriculture Financial Services Corporation
Revenue, Expenditures and Surplus

(thousands of dollars)	2000-01 Estimates					
	Lending	Crop Insurance Fund	FIDP Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue:						
Premiums from Insured Persons	-	59,752	-	17,580	-	77,332
Interest	56,197	300	-	100	-	56,597
Contribution from Province of Alberta	25,774	58,967	163,612	-	2,857	251,210
Contribution from Government of Canada	80	52,000	-	-	1,224	53,304
Investment Income	200	16,099		2,895	-	19,194
Fees and Other Income	2,617	50	1,600	400	25	4,692
Amortization of Loan Discounts	868	-	-	-	-	868
	85,736	**187,168**	**165,212**	**20,975**	**4,106**	**463,197**
Expenditure:						
Indemnities	-	135,840	160,000	15,907	3,626	315,373
Interest	60,102	-	-	-	-	60,102
Reinsurance - Private	-	9,707	-	211	-	9,918
Selling Commissions	-	-	-	2,013	-	2,013
Farm Loan Incentives	4,921	-	-	-	-	4,921
Administration Expense	15,995	19,624	4,997	2,135	465	43,216
Provision for Doubtful Accounts and for Losses	4,000	20	-	-	-	4,020
	85,018	**165,191**	**164,997**	**20,266**	**4,091**	**439,563**
Excess (deficit) of revenue over expenditure for the year	718	21,977	215	709	15	23,634
Capital Investment	1,324	1,698	396	186	41	3,645
Capital Amortization	(606)	(1,648)	(181)	(174)	(26)	(2,635)
Surplus (deficit) for the year	**0**	**21,927**	**0**	**697**	**0**	**22,624**
Surplus (deficit) at beginning of year	0	268,415	0	57,910	0	326,325
Surplus (deficit) at end of year	**0**	**290,342**	**0**	**58,607**	**0**	**348,949**

Agriculture Financial Services Corporation
Revenue, Expenditures and Surplus

(thousands of dollars)	2001-02 Target					
	Lending	Crop Insurance Fund	FIDP Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue:						
Premiums from Insured Persons	-	60,928	-	17,579	-	78,507
Interest	59,529	300	-	100	-	59,929
Contribution from Province of Alberta	19,320	60,092	163,716	-	2,862	245,990
Contribution from Government of Canada	80	52,983	-	-	1,226	54,289
Investment Income	200	17,195		2,932	-	20,327
Fees and Other Income	2,671	50	1,600	400	25	4,746
Amortization of Loan Discounts	362	-	-	-	-	362
	82,162	**191,548**	**165,316**	**21,011**	**4,113**	**464,150**
Expenditure:						
Indemnities	-	138,516	160,000	15,907	3,626	318,049
Interest	57,821	-	-	-	-	57,821
Reinsurance - Private	-	9,898	-	212	-	10,110
Selling Commissions	-	-	-	2,013	-	2,013
Farm Loan Incentives	5,502	-	-	-	-	5,502
Administration Expense	15,073	19,874	5,087	2,161	470	42,665
Provision for Doubtful Accounts and for Losses	3,000	20	-	-	-	3,020
	81,396	**168,308**	**165,087**	**20,293**	**4,096**	**439,180**
Excess (deficit) of revenue over expenditure for the year	766	23,240	229	718	17	24,970
Capital Investment	1,406	1,803	420	197	44	3,870
Capital Amortization	(640)	(1,693)	(191)	(179)	(27)	(2,730)
Surplus (deficit) for the year	**0**	**23,130**	**0**	**700**	**0**	**23,830**
Surplus (deficit) at beginning of year	0	290,342	0	58,607	0	348,949
Surplus (deficit) at end of year	**0**	**313,472**	**0**	**59,307**	**0**	**372,779**

Agriculture Financial Services Corporation
Revenue, Expenditures and Surplus

(thousands of dollars)	2002-03 Target					
	Lending	Crop Insurance Fund	FIDP Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue:						
Premiums from Insured Persons	-	62,106	-	17,579	-	79,685
Interest	62,396	300	-	100	-	62,796
Contribution from Province of Alberta	13,614	61,351	163,877	-	2,872	241,714
Contribution from Government of Canada	80	54,102	-	-	1,231	55,413
Investment Income	200	18,352	-	2,969	-	21,521
Fees and Other Income	2,677	50	1,600	400	25	4,752
Amortization of Loan Discounts	254	-	-	-	-	254
	79,221	**196,261**	**165,477**	**21,048**	**4,128**	**466,135**
Expenditure:						
Indemnities	-	141,194	160,000	15,907	3,626	320,727
Interest	54,948	-	-	-	-	54,948
Reinsurance - Private	-	10,089	-	212	-	10,301
Selling Commissions	-	-	-	2,013	-	2,013
Farm Loan Incentives	6,233	-	-	-	-	6,233
Administration Expense	15,341	20,540	5,268	2,234	487	43,870
Provision for Doubtful Accounts and for Losses	2,000	20	-	-	-	2,020
	78,522	**171,843**	**165,268**	**20,366**	**4,113**	**440,112**
Excess (deficit) of revenue over expenditure for the year	699	24,418	209	682	15	26,023
Capital Investment	1,342	1,720	401	188	42	3,693
Capital Amortization	(643)	(1,695)	(192)	(179)	(27)	(2,736)
Surplus (deficit) for the year	**0**	**24,393**	**0**	**673**	**0**	**25,066**
Surplus (deficit) at beginning of year	0	313,472	0	59,307	0	372,779
Surplus (deficit) at end of year	**0**	**337,865**	**0**	**59,980**	**0**	**397,845**

Appendix 3: Alberta Opportunity Company

Business Plan 2000-03

Mission

The mission of Alberta Opportunity Company (AOC) is to advance the economic development of Alberta by providing loans to Alberta businesses that have viable business proposals, when such support is not available from conventional lenders. Priority is given to smaller businesses in rural communities, and to those which create or preserve jobs. Priority is also given to businesses with export or tourism potential, or which introduce improvements in technology, or engage in manufacturing. AOC does not provide financing to businesses engaged in primary agriculture, residential housing, or oil and gas exploration.

Applicants are required to show, in business terms, a reasonable expectation of commercial success and the ability to repay all loans including interest.

Goals

- Facilitate the creation of new businesses and expansion of existing businesses by ensuring growth is not stifled by a lack of commercial financing from private sector lenders.
- Encourage job creation and secure existing jobs by providing financing to viable small businesses unable to obtain business financing in the private sector.
- Ensure the existing loan portfolio continues to be managed to maximize repayment of funds advanced and economic benefit to the small business community.

Strategies

- Identify and serve those entrepreneurs who have viable business ideas, but are unable to find the financing they need with conventional commercial financial institutions. This strategy is achieved in collaboration with private sector institutions and without competing for business.
- Maintain prudent lending practices which seek that balance between opportunity and risk which characterize the most promising entrepreneurial ventures.
- Maintain accountability to stakeholders through timely measurement and reporting of performance to ensure achievement of goals.
- Provide services in an efficient, effective and economic manner.

Performance Measures

- Approve loans of $38 million in 2000-01, $39 million in 2001-02 and $40 million in 2002-03, thereby increasing the loan portfolio by 13 per cent by the year 2003.
- Provide lending support of $3 million to assist with the development of new exporters and the growth of existing exports out of the province.
- In 2000-01 make loans to approximately 336 small businesses which will facilitate the creation or preservation of an additional 2,300 jobs in Alberta.
- Maintain operations with operating grant of $5.5 million per year.
- Annual loan write-offs, net of recoveries, not to exceed 3.3 per cent of loan portfolio.

Financial Plan

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Revenue					
Transfers from the Province	5,521	5,447	5,524	5,570	5,603
Interest	10,396	10,500	10,695	10,995	11,295
Other	558	545	500	500	500
Total Revenue	**16,475**	**16,492**	**16,719**	**17,065**	**17,398**
Expense					
Operations	5,509	6,150	6,688	6,872	7,046
Provision for Doubtful Accounts	717	3,000	4,230	4,412	4,546
Debt Servicing Costs	4,536	4,800	5,100	5,258	5,243
Total Expense	**10,762**	**13,950**	**16,018**	**16,542**	**16,835**
Gain (Loss) on Disposal of Capital Assets	-	(10)	-	-	-
Gain (Loss) on Inventory Held for Resale	-	(20)	(20)	(20)	(20)
Net Revenue (Expense)	**5,713**	**2,512**	**681**	**503**	**543**

Appendix 4: Alberta Dairy Control Board

Business Plan 2000-03

Table of Contents

Executive Summary 52

Mandate 52

Roles and Responsibilities 53

Operations 53

Industry Needs and Services 54

Programs and Services 54

Measurable Results 55

Action Plan 61

Financial Plan 62

Executive Summary

The *Dairy Board Act* sets out the regulatory powers of the board to "control and regulate the sale of milk in Alberta".

Alberta has 1,000 dairy producers. The gross value of raw milk is $348 million annually. The dairy industry has a positive impact on the service industry. The sale of dairy animals contribute approximately eight per cent of the overall Alberta beef industry. Alberta has 22 dairy processing plants, owned and operated by 14 companies. The wholesale value of processed dairy products total $700 million, more than double the value of raw milk. All Alberta-produced milk is further processed in Alberta.

Board revenue is received as follows: 54 per cent by producers, 27 per cent by processors, 19 per cent in the form of an Alberta Government grant and one per cent in interest.

Alberta is a member of the National Milk Marketing Plan and is represented at the Canadian Milk Supply Management Committee meetings by the Board Chairman and two industry representatives. Currently, Alberta is the third largest dairy province, currently holding 6.3 per cent of the Canadian industrial milk quota and producing 7.8 per cent of Canada's milk supply. This represents a shortfall of production potential compared to our population.

The Dairy Board continues to facilitate inter-provincial and export trade. Dairy products move freely throughout western Canada and export contracts are shared among producers in Alberta, British Columbia, Manitoba and Saskatchewan.

Other organizations rely on the Board's audit function to verify data accuracy. The audit function also ensures accurate producer payment. Agencies such as Statistics Canada and the Canadian Dairy Commission use information provided by the Dairy Board, thereby eliminating duplication and improving information gathering efficiency.

A provincial milk equalization payment system is operated by the Board. This procedure depends on a high level of cooperation between processors and the Board. Very tight timelines are maintained to equalize $29 million in monthly payments between processors who, in turn, make payments to producers.

The Board maintains a registry for all quota records in Alberta. The Board administers quota transfers that often involve lender security, assigns producers to specific processors for payment, and acts as the agent for the Canadian Dairy Commission.

Producers and processors also benefit from management extension services offered by Board staff.

Mandate

To ensure an adequate supply of safe quality dairy products are available to consumers at reasonable prices by ensuring that policies and services support a profitable, competitive market-driven Alberta dairy industry.

Mission Statement

- To support and encourage growth of a globally competitive and sustainable dairy industry through essential legislation, policy development, information exchange and services.
- To impartially hear appeals and act as industry referee.
- To continue to provide administrative services to the Alberta dairy industry at the lowest possible cost.

Vision

The Dairy Board provides:

- strong leadership that encourages the Alberta dairy industry to grow and prosper, maintain low cost production and processing through removal of regulatory and administrative impediments, and seize the Alberta advantage; and
- information necessary for effective decisions.

Roles and Responsibilities

The Alberta Dairy Control Board is in the business of agriculture and food industry development. Orderly marketing procedures bring about sufficient milk to meet consumer demand and ensure a relatively stable price. The Dairy Board acts as the industry referee by providing an appeal mechanism for producers, processors, consumers and government. Development of policies in consultation with industry fosters a competitive, market-driven dairy industry and encourages value-added processing in Alberta.

Dairy farmers, processors, consumers, lending institutions, milk haulers, distributors, food retailers, provincial government departments, federal government departments and agencies, and educational research institutions are clients of the Dairy Board.

Operations

The Board is composed of five members appointed by the Lieutenant Governor in Council. A Policy Committee, made up of key industry and government personnel, provides advice to the Board on policy issues.

Alberta is a member of the National Milk Marketing Plan, and the Chairman of the Dairy Board is one signatory. Through the Canadian Milk Supply Management Committee, the Board provides input to the Canadian Dairy Commission on policy matters affecting the Alberta dairy industry.

An administrative staff complement of 10 is employed to carry out Board policies and procedures. Staff expertise includes audit, accounting, business analysis, quota systems administration, and administrative support. In-house computer capability that maintains quota and shipment data, and receives and disperses data electronically with outside agencies, will meet industry needs for several years.

Industry Needs and Opportunities

Alberta processors process 100 per cent of the raw milk and cream produced in the province. The farm gate value is $348 million; the wholesale value of processed dairy products exceeds $700 million. Competitive forces within Canada challenge the industry to process products that are in higher consumer demand. Alberta has many natural advantages for expanded production and value-added processing.

Alberta producers are among the most efficient in Canada. Average herd size and production per cow is nearly the highest in the country, comparable only with British Columbia.

Alberta has a disproportionately smaller share of the national quota for industrial milk compared to our population. Moderate growth opportunities exist if we are successful in negotiating more market share quota for Alberta producers. The Board will continue to strive to simplify the quota regulations and administration to reduce industry cost.

Processor efficiency suffers from lack of scale and increased distribution cost in comparison to Ontario and Quebec processors. We must encourage increased plant through-put and ensure processing and distribution costs are not unnecessarily increased by demands of government. Processor consolidation continues. Alberta processors manufacture nearly all of western Canada's ice cream, yogurt, and sour cream.

Producers benefit from an independent agency that has access to client confidential records to ensure accurate and timely payment.

Export market opportunities exist for producers and processors. An Optional Export Program offers producers and processors the opportunity to increase production and processing to meet foreign customer needs.

Programs and Services

- The Dairy Board acts as the industry referee. Alberta is unique in Canada in that it has an operating structure that brings producers and processors together on a routine basis to discuss industry issues and make recommendations to the Dairy Board. By performing this role, the conflict and turmoil experienced in other provinces is minimized.

- The Dairy Board provides an appropriate appeal mechanism for producers, processors, consumers and government. With strong enabling legislation, the Dairy Board can provide services which limits unnecessary legal costs and court challenges.

- Inter-provincial trade is important to Alberta. The Dairy Board will continue to monitor all interprovincial trade barriers for milk and milk products and encourage free trade wherever possible.

- To ensure accurate producer returns, processor records are audited. Dairy Board staff provide technical assistance to producers and processors on payment procedures. In addition, the Dairy Board offers liaison with the Canadian Dairy Commission respecting payment, special class and western milk pooling.

- A market-responsive dairy industry will be competitive. Deregulation that stimulates a more competitive market driven industry while providing an orderly transition period is a goal. The deregulation process must continue. Change can be managed to prevent short-term economic disruptions.

- The Dairy Board provides service to the industry by calculating producer payment through a price equalization pool.

- The Dairy Board sets the farm gate price of industrial milk. In addition, the Dairy Board administers the producer price as set by the Energy and Utilities Board under authority of the *Dairy Board Act*.

- Milk allocation to processors to achieve the highest possible producer returns from the highest value-added processing is a Board responsibility.

- The Dairy Board is responsible for issuing fluid quota (liquid milk) and market share quota (industrial) to producers. As part of the service, the Dairy Board maintains a registry of licensed producers, quota allotments, security documents on behalf of producers and lenders, collects data and supplies statistics to the Canadian Dairy Commission, Statistics Canada, Alberta government agencies and the dairy industry.

- A western Canadian regional milk pooling agreement is operating. The first step has been adopted in administering the long term goal of free and uninhibited inter-provincial quota movement.

Measurable Results

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.
ADCB Goal #1: Provide strong leadership to bring industry consensus and support for a globally competitive Alberta dairy industry.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Improved ability of the dairy industry to meet customer needs • Involvement in national and interprovincial policy development and technical matters	• Industry recommendations • Board decisions • Industry consultation • Invitation to lead industry discussions • Participation in interprovincial and national issues	• Industry support for new policy development • Less than three appeals to Board decisions • Special interest groups bring concerns to industry committees for resolution • Industry partners willingly attend meetings to discuss issues of concern to the Alberta dairy industry • Alberta position represented and adopted as part of national and interprovincial policy

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Dairy Board invites industry participation.
- Actively participate in national and interprovincial discussions.
- Improve industry relations through consensus building and communication.

Ministry Goal #1: Improved access to domestic and world market opportunities.

ADCB Goal #2: Expand exports of dairy products from Alberta and increase farm production.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Dairy exports and corresponding farm production increased by 20 per cent	• Extension of existing contracts and new contracts • Actual recorded volumes of exports • Record of participating producers	• Current exports under Optional Export Program are 2 million litres or $0.5 million annually • Production meets the market demand • Decision on approval of export applications meeting criteria within 24 hours

[1] **the "gauge used to determine the measure, such as a client survey**

[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Support the Optional Export Program concept.
- Provide input to Canada's Dairy Export Strategy.
- Streamline administrative procedures and decision making to encourage export expansion.
- Keep producer participation in export programs optional to the individual producer.
- Inform processors of export opportunities and program benefits.
- Coordinate Optional Export Program with the Western Milk Pool partners.

Ministry Goal #1: Improved access to domestic and world market opportunities.

ADCB Goal #3: Continue to simplify and harmonize administrative procedures within the Western Milk Pool to maintain a barrier free interprovincial trade environment.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• The Western Milk Pooling agreement continues to exist • Western provinces participate in inter-provincial quota movement and the Optional Export Program • The position where no interprovincial barriers to trade exist is maintained • Alberta producers gained access to higher, value-added markets • Processor investment is increased and competitiveness is improved • Western Milk Pool revenue-sharing continues	• Alberta continues to participate in Western Pooling • Full adoption of policies and procedures for quota transfer between provinces within two years • Quota transfer data • Milk utilization data • Licensing data • Increased plant through-put. • Optional Export Program contracts executed • New entrants to the Alberta dairy industry • More processor specialization • The number of national and international companies operating in Alberta	• Alberta producer income increases as a result of the higher value-added products • Processor specialization or diversification increases • Processor investment in plant and equipment increases • Producer average price increases or remains stable

[1] **the "gauge used to determine the measure, such as a client survey**

[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Support and provide technical input to the Western Milk Pool technical and co-ordinating committees.
- Encourage development and adoption of policy and procedures that allow quota to move freely within western Canada.
- Encourage value-added processing through industry consultation.
- Encourage new investment in processing plant equipment and new technologies by promoting the Alberta advantage, competitive policy and a business approach.
- Identify and remove impediments to servicing markets or value-added processing.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.
ADCB Goal #4: Act as the industry referee.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Appeals are resolved satisfactorily at the Board level	• Number of appeals that go beyond the board for legal resolution • Client survey	• Benchmark: less than one per cent of appeals proceed beyond Board • Maintain or improve rating of the 1997 survey (63 per cent of the clients thought the Board was fair in its appeal decisions)

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- All appeals received in writing are reviewed by the Board at the earliest date information is available.
- Provide for personal appearances before the Board.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.
ADCB Goal #5: Audit procedures conducted to verify accurate producer payment and processor billing.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Each plant is audited yearly with producer and processor records examined in sufficient detail to verify accurate producer payment • Audit standards are established for western provinces	• Audit findings	• Audit plan that meets or exceeds the national audit standards • Audit results communicated to Western Milk Pool partners

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Provide leadership to develop audit standards and procedures.
- Actively prepare and execute audits at all processors.
- Train and develop expertise of junior audit staff.
- Verify accurate producer payment each month.
- Establish a Western Milk Pool audit committee to develop standard audit procedures in Alberta, British Columbia, Saskatchewan and Manitoba.
- Audit processor reporting for the Optional Export Program contracts ensuring all program requirements are met.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.

ADCB Goal #6: Price milk, at the farm gate, in a manner that provides a fair return to producers while ensuring competitive prices for Alberta processors.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Prices set in consultation with producers and processors	• Price recommendations by Policy Committee	• Benchmark: set prices fairly and consistently with market forces • Policy committee reviews prices and provides recommendations • Board acknowledges Policy Committee recommendations

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Support the Dairy Cost Study.
- Review other province's prices.
- Review support prices as set by the Canadian Dairy Commission.
- Consult with Western Milk Pooling partners.

Ministry Goal #4: Increase diversity of industry commodities, products and services.

ADCB Goal #7: Increase the value added to Alberta's milk supply through cascading milk allocation and encouraging new product development with competitive pricing.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Milk is utilized in the highest possible class • New products, made from Alberta-produced milk, are introduced in the Alberta market place	• Consumer demand is met for all value-added production • List of new products introduced to the Alberta market	• Processors demand for milk is met 100 per cent of the time on a cascading basis • New technology is employed • Applications for new products are given price consideration for an introductory period

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Ensure processors are aware of policies for introducing new products.
- Keep the approval process simple and timely.
- Continue to provide funding to Alberta Dairy Nutrition Council in support of nutrition education and research.
- Develop policy to support cottage industry, on-farm processing and organic milk production.

Ministry Goal #5: Increase capability of industry to manage risk.

ADCB Goal #8: Assist the Alberta dairy industry to manage risk through effective use of the domestic quota system, Special Class Pooling, Western Milk Pooling, export contracts, and opportunities available through the World Trade Organization.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Accurate quota records and production records • Producers manage their risk appropriately and determine their portion of Fluid Quota, Market Share Quota, Optional Export Contracts, and over-quota deliveries • Board has provided for a wide range of options available to producers (transfer options, Power of Attorney)	• Records are reconciled to monthly pooling records and to Canadian Dairy Commission records • Amount of over-quota production • Client confidence and satisfaction identified through client survey	• Accurate records • Accurate producer payment and processor billing • Clients are kept informed • Producers continue to use all tools available • Level of participation in Optional Export Program • Level of use of transfer options, Power of Attorney, and information services

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Continue to provide for individual producer decision making. "Individual producers are in the best position to make decisions that affect their farm operation."
- Continue to provide a structure and administrative procedures that allow choice and timely transactions.
- Provide information through newsletters and producer meetings on Western Milk Pooling, national and international issues to help producers decide which quota "mix" best meets their needs.

Ministry Goal #8: Improved management of the Ministry's resources.

ADCB Goal #9: Ensure human resource development to meet industry needs and challenges.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Competent, innovative, professional, well-trained staff • Staff function as an integrated team	• Client survey • Use of service • Individual and board goals are being met • Employee satisfaction	• Client respect and confidence remains at 80 per cent or higher • On-going staff training in areas of leadership, management, professional and technical skills • Successfully shared tasks • Staff attendance

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Ensure staff have access to the technology needed to function efficiently.
- Board goals and objectives are shared with all staff and individual work plans are coordinated with the Board's business plan.
- Teamwork is encouraged and fostered.

AAFRD Goal #8: Improved management of the Ministry's resources.
ADCB Goal #10: Optimum use of Board's financial and human resources.

KEY RESULTS	INDICATORS[1]	MEASURES[2]
• Auditor General presents audit report without significant findings • Balanced budget • No significant variance between budget and actual • Cross-trained personnel • Clients needs are met in spite of an employee's absence • Staff maintain level of specialization	• Audit report • Financial Statement and Quarterly Reports • Organization still functions when someone is absent • Clients look for particular expertise • Cost per hL milk produced	• No significant findings in audit report • Deviation of less than 10 per cent from budget • New initiatives funded from reserve, with explanation provided • No increase in error rates with staff cover-offs • Team tasks • Cost per hL milk produced in Canada is in the lowest 20 per cent

[1] **the "gauge used to determine the measure, such as a client survey**
[2] **the standard of comparison, judgement or estimation used to determine success, e.g., the survey results provide the measures**

Strategies:

- Continue fiscal scrutiny.
- Continue implementation of business practices that comply with generally accepted accounting standards.
- Provide services at the lowest possible cost.

Action Plan

The Dairy Board must maintain an impartial, open approach that permits producers, processors, consumers and government to have issues reviewed and resolved in a cost effective manner.

Policies that encourage and capture growth opportunities must be developed. Maintaining and increasing production and value-added processing is a priority. Assisting organizations who are seeking markets beyond provincial boundaries is also key.

Information gathering and data transfer must be accurate and timely. Statistics Canada, Agriculture Canada, Alberta Agriculture, Food and Rural Development and the Canadian Dairy Commission depend on the integrity of the Board's data. Audit procedures are necessary to verify data for statistical use as well as accurate producer payment.

The deregulation process must continue to promote a competitive market-driven dairy industry. Short-term industry and price stability must not be sacrificed for the sake of deregulation and change. Supply management has proven to be an effective tool in ensuring consumers receive a quality product on a continual basis at stable prices. Industry investment in production and processing facilities is indicative of the stability brought about by supply management. Producers can use a combination of fluid milk quota, market share (industrial) quota, Optional Export Program contracts or compete on the world market to best manage risk.

The Dairy Board is currently 82 per cent industry-financed. Achieving a balance of opinion among competing interests is a short and long term goal.

Calculation of producer payment through a price equalization pool is a key function of the Dairy Board. Creation and operation of the Western Milk Pool offers producers and processors the opportunity to participate in all sectors of the regional market.

Alberta is in a position to provide pro-active leadership to the western Canadian dairy industry. Managing change is essential. Using the existing resources and expertise, the Dairy Board can service the needs of producers, processors, consumers and government in meeting future challenges.

Financial Plan

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Revenue					
Transfers from the Province	162	164	181	183	187
Producer Assessments	556	523	556	556	556
Processor Assessments	219	261	278	278	279
Restricted Revenue	59,092	59,322	59,322	59,322	59,322
Other	709	99	37	37	37
Total Revenue	**60,738**	**60,369**	**60,374**	**60,376**	**60,381**
Expense					
Dairy Board Operations	964	1,062	995	998	996
Quota Exchange Transfers	612	55	-	-	-
Restricted Expenses	59,092	59,322	59,322	59,322	59,322
Total Expense	**60,668**	**60,439**	**60,317**	**60,320**	**60,318**
Net Revenue (Expense)	**70**	**(70)**	**57**	**56**	**63**

Note: Deficit budget for 1999-2000 is financed from Board reserves to cover the cost of software purchases and grants provided to Alberta dairy producers for participation in Alberta Agriculture, Food and Rural Development's dairy cost study.

Appendix 5: Farmers' Advocate and Farm Implement Act

Business Plan 2000-03

Executive Summary

The Farmers' Advocate diligently works with farmers and ranchers to ensure that they have up-to-date relevant information that will assist them to be competitive in today's global market place.

The Office of the Farmers' Advocate continues to act as an independent source of information and provides mediation service covering all concerns raised by rural Albertans, including those directly affecting agriculture as well as those outside influences which affect their property.

Amendments to the Farm Implement Act will be presented in the 2000 spring session of the legislature. The department will be responding to the issue of dealer purity and its impact on rural communities.

The Farmers' Advocate Office will continue to liaise with all stakeholder groups, including provincial and municipal governments, to assure those involved in agriculture have access to the information and policies necessary to improve their competitive advantage.

Introduction

The agricultural industry in Alberta finds itself immersed in a rapidly changing world economy. The rural community must adopt to new methodology in business to be effective in a very competitive marketplace. Shifting paradigms for information and technology are daily occurrences. The traditional role of government also changes. Together, these factors together place increased pressure on farmers, ranchers, and landowners in rural Alberta. As growth in Alberta's agricultural sector is expected to continue well into the 21st century, it follows that demands on the producer will increase. This means increased demand on the Office of the Farmers' Advocate.

The Farmers' Advocate supports all the Ministry goals, identifying more closely with goals:

2. Improved competitiveness of industry commodities, products and services.
4. Increased diversity of commodities, products and services.
6. Improved environmental stewardship.
8. Improved management of the Ministry's resources.

Through the administration of the Farm Implement Act and its related regulations, Ministry goals #2 and #4 are met by working with industry and farmers to improve industry service, quality and cost of competitiveness, together with increasing the diversity of industry commodities, products and services. Utmost effort is made to keep both new and old machinery working longer and more efficiently, as well as supplying information on the latest trends and practices in agriculture.

In addition, the Farmers' Advocate Office continues to fulfill goai #6 by providing input to stakeholder groups and individual farmers on issues that will improve the stewardship of natural resources for agriculture, industry and public benefit. Some of these issues involve surface disturbance and subsequent reclamation of well sites, pipelines, abandoned railways, gravel sites and roadways.

The Farmers' Advocate Office meets Ministry goal #8 by having its finger on the pulse of rural Alberta. The office has a direct pipeline to producers and agricultural interest groups. We identify issues and areas of concern that come to our attention. We then liaise with and encourage staff to improve their management of Ministry resources to enable the Ministry to assist those producers and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Nature of the Farmers' Advocate

From the time of its inception some 20 years ago, the Farmers' Advocate has fulfilled a promise made by the provincial government to provide information on topics of interest and concern to rural Albertans, as well as a mechanism of dispute assistance and resolution. The Farmers' Advocate has the latitude and flexibility to involve itself in any issue that may affect rural Albertans. This has enabled the Advocate to provide the perspective of rural Albertans outside the government's sphere of influence.

With the role of both municipal and provincial governments changing rapidly, rural Albertans will have difficulty in finding their way through the maze. The Farmers' Advocate is able to offer assistance effectively in directing them to the appropriate agency. In disputes between individuals and local governments, these complaints are advanced to the respective bodies and information requested. If the complaint is justified, measures are taken in an attempt to find a solution to the problem. The Farmers' Advocate has maintained very good working relations with all levels of government.

The Farmers' Advocate, as mediator and facilitator, handles a wide range of agricultural and people related concerns which include surface and mineral rights, livestock, drainage, financial concerns, disputes with neighbours, trespass, machinery complaints, and concerns relating to provincial and municipal regulations and statutes.

Strategies for the Future

The Farmers' Advocate will continue to deal with diverse issues brought forward by rural Albertans. The office will provide a one-window source of information and dispute resolutions.

With the increase in oil prices, energy activity is at an all time high with the acquisition and development of well sites and right-of-way agreements. At the same time, many long standing shut in wells have been abandoned requiring landowners to be increasingly aware of their rights with regard to reclamation of these old sites. The energy industry has the use of new technologies which enhance their operations and increase their ability to explore and develop hydrocarbons. The rural community generally has little knowledge of industry practices although we are noticing a trend toward more involvement and interest on the part of rural landowners. This interest expands beyond the energy industry and the office has noticed an increase in inquiries regarding concerns with rural municipalities, provincial government departments and agencies of government.

This office has been requested to mediate concerns, not only by the landowner but also by the energy industry, government agency or local municipality. The Farmers' Advocate is the official mediator for the Alberta Association of Municipal Districts and Counties. Because this office is perceived to be unbiased, suggestions have been made that the role of the appeal agent/mediator be expanded. It is anticipated that as provincial services continue to be reduced, the Farmers' Advocate Office will be in even more demand. Alberta Justice's move to implement alternative dispute resolution and mediation services in civil matters has seen a greater demand for assistance from this office.

Improving landowner relations has become a concern to the geophysical and energy industries. The Canadian Association of Petroleum Producers and the Canadian Association of Geophysical Contractors have established Landowner Relations Committees to review and address issues of mutual interest. This office participates in several other committees and provides input on behalf of the rural community.

The requirements of the Farm Implement Act will change as technology and economy change. The number of rural dealers in Alberta is expected to continue to decline as consolidation of dealerships continue. The changes may be profound but as yet, are not measurable. Mainline distributors are promoting dealership conglomerates with centralized management. Dealer purity is an issue that will be closely monitored by the Farm Implement administration. The Farm Implement Act is effective and accepted in the industry. The Act will continue to be monitored to assure it meets the needs of Alberta farmers.

The Farm Implement Act Administration has developed and will continue to update and expand on its present "Parts Source Manual for Obsolete or Hard to Locate Parts". This obsolete implement parts list has been distributed to all licensed dealers throughout the province and is available on the Internet. This list reduced the parts source enquiries to dealers by approximately 25 per cent or 500 calls per year but continues to be a valuable resource.

The Farmers' Advocate will consult with all farm organizations in Alberta in developing programs and policies for the benefit of agriculture when required.

This office will continue to update, develop, and release information packages to help Albertans become more self-reliant.

Financial Plan

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Expense	**473**	**497**	**549**	**552**	**563**

Appendix 6: Irrigation Council

Business Plan 2000-03

The main roles of Irrigation Council are outlined in the Irrigation Districts Act and include acting as an appeal body and making recommendations to the Minister of Agriculture, Food and Rural Development on issues related to maintaining a strong, efficient irrigation industry within the irrigation districts. Irrigation Council also administers the Irrigation Rehabilitation Program.

Irrigation Council Mission

To support the effective management and operation of irrigation districts and administer rehabilitation programs to achieve a sustainable irrigation industry.

All Irrigation Council strategies and actions centre around the Ministry's Mission:

"We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services"

and fall under the following Ministry goals:

4. Increased diversity of commodities, products and services.
6. Improved environmental stewardship.
8. Improved management of the Ministry's resources.

A reliable irrigation water supply infrastructure in the southern part of the province provides opportunity for a multitude of options for agricultural producers and processors. Thirteen irrigation districts manage a water delivery infrastructure, including 80 reservoirs, to deliver water to 1.28 million acres of irrigation. They provide water to 48 communities, over 5,000 rural residences, plus water for recreational and fish and wildlife habitat opportunities. Irrigation improves the quality of life, enhances value-added processing and other agricultural businesses, encourages diversity and contributes 36,500 jobs to the provincial economy.

Primary Clients

Irrigation Council's primary clients are the thirteen Irrigation Districts and all of their users.

Authority

The Irrigation Council is appointed by and reports to the Minister of Agriculture, Food and Rural Development as outlined in the Irrigation Districts Act. Authority to administer the Irrigation Rehabilitation Program is provided in the Irrigation Rehabilitation Financing Agreement executed annually between the Irrigation Districts and the Minister.

Goals, Strategies And Actions

Goal #4: Increased Diversity Of Commodities, Products And Services

Strategies	Actions
• Monitor the operation and financial performance of the irrigation districts	• Review year end audited Financial Statements and Annual Reports for each district to ensure the use of sound management practices
• Support rehabilitation and maintenance of irrigation infrastructure	• Review Irrigation Rehabilitation Program project proposals for compliance with accepted design standards and policies; support multiple purpose use of water if it is compatible with the supply of water to irrigated lands • Review Maintenance Reports, Irrigation Works Condition Evaluation Reports and Action Plans annually in accordance with the Maintenance Policy under the Irrigation Rehabilitation Program • Provide input towards developing an effective Infrastructure Management System to aid in the administration of the Irrigation Rehabilitation Program
• Support the optimal use of water resources within irrigation districts	• Encourage the installation of water flow measuring devices and the collection of other data that can be used to improve water management
• Support the planning and implementation of economical irrigation district infrastructure	• Work with department staff and the Western Irrigation District towards developing a plan for a viable infrastructure system
• Maintain a quasi-judicial system for the appeals that are defined in the Irrigation Districts Act	• Provide a just and timely process by conducting hearings as required in a fair and efficient manner • Produce decisions, along with the reasons, in a clear and concise manner

Goal #6: Improved Environmental Stewardship

Strategies	Actions
• Encourage the long-term sustainability of irrigated land	• Provide input on any review of the Land Classification Standards

Goal #8: Improved Management of the Ministry's Resources

Strategies	Actions
• Administer the Irrigation Rehabilitation Program and related policies	• Ensure irrigation district project proposals submitted for funding under the Irrigation Rehabilitation Program comply with the policy prior to approval
• Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation in the irrigation districts	• Advocate appropriate irrigation infrastructure funding, supported by information provided in the Infrastructure Management System • Consult with the districts and provide advice on the formula to allocate provincial cost shared funds under the Irrigation Rehabilitation Program prior to the 2001-02 fiscal year
• Learn to effectively conduct hearings and render decisions	• Attend training sessions on tribunal operation and decision writing as required

Key Directions

Council's main efforts will be to:

- Make recommendations to the Minister of Agriculture, Food and Rural Development on major issues such as irrigation water management and irrigation infrastructure funding requirements.
- Assist clients in understanding Council's new role under the Irrigation Districts Act.
- Effectively and fairly deal with appeals under the Irrigation Districts Act in a timely manner.
- Work with the irrigation districts and department staff to develop an Infrastructure Management System.
- Work with department staff and the Western Irrigation District to prepare a plan for a viable irrigation system.
- Administer the Irrigation Rehabilitation Program and related policies.

Measurable Results

Irrigation Council's performance will be measured by:

- The total number of acres served in the irrigation districts as shown on their assessment rolls;
- The percentage of Irrigation Rehabilitation Program projects receiving a good to fair rating as a result of the Irrigation Works Maintenance Condition Evaluations;
- The total kilometres of irrigation infrastructure constructed under the Irrigation Rehabilitation Program.

Financial Plan

The following table summarizes the expected expenses within the Ministry's budget that are directly related to Irrigation Council's activities.

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Irrigation Rehabilitation Program Grants to Irrigation Districts	17,630	20,200	17,200	17,200	17,200
Irrigation Rehabilitation Infrastructure Assistance	0	0	0	1,800	1,800
Irrigation Secretariat Operations	254	255	264	265	270
Total Expenses	**17,884**	**20,455**	**17,464**	**19,265**	**19,270**

Appendix 7: Surface Rights Board/Land Compensation Board

Business Plan 2000-03

Executive Summary

The Board has been able to stabilize Surface Rights in Alberta with a minimum of appeals from their decisions. Training of Surface Rights Board members in expropriation with the Land Compensation Board continues.

Mission Statement

To maintain a quasi-judicial system for a just, economical and timely process for all parties, while upholding the integrity of the Acts (system) for the protection of landowners expropriated or affected by right of entry while ensuring the ability to extract minerals in a timely manner for the benefit of all Albertans.

General Board Overview

The Surface Rights Board (SRB) and the Land Compensation Board (LCB) are quasi-judicial compensation boards and the operations are dictated by the two Acts. There are at least eight other provincial Acts which also impact on the Boards, plus judicial precedents through the Courts. As the Boards are reactive (service on demand), the workloads are determined by outside sources. Besides compensation hearings, the Board members and staff work at problem solving and providing information to the public with an eye to reducing the number of hearings required. This very worthwhile service continues to grow, as the public becomes more aware that it is available.

Environmental Issues

Due to the nature of the Boards' mandate (compensation setting), there is no impact on the environment by the operations of the Boards. All environmental issues before the Boards are dealt with by the appropriate agencies.

Goals

Under the Ministry's eight goals, the Land Compensation Board and Surface Rights Board have incorporated goal #8 - "Improved Management of the Ministry's Resources" - as the guide for developing the Boards' goals.

1. **To continue to review the make-up of the Surface Rights Board/Land Compensation Board membership with the Minister. The recent addition of Stan Schumacher provides a full complement of knowledgeable members.**

   Board Member Requisites

   i) Acquire a good working knowledge of the Surface Rights Act and the Expropriation Act and any other Acts which impact the Boards.

   ii) Develop a good grasp of the law covering expropriation and surface rights.

   iii) Develop ability to write concise decisions based on the law.

   iv) Learn how to chair quasi-judicial hearings.

   - Well-trained members enable us to keep the cost of hearings to a minimum as well as producing quality decisions with consistency. As new members are being added, training will increase.

2. **To continue review of administration for cost savings.**

   We will continue the cross-training of our staff to achieve the ability to better allocate our staff resources. The oil industry is still experiencing a relatively high level of activity which does impact our workload. The recent downturn did not seem to change the work load, as conflicts seemed to increase. As well, the number of Land Compensation Board hearings have increased. Accordingly, we are unable to forecast any diminishing of our involvement in the foreseeable future.

3. **Section 39 of the Surface Rights Act.**

   This section of the Act continues to have a huge impact on our budget. The energy industry and the AEUB are moving forward on surface reclamation for orphan wells. The funds for downhole reclamation have been extended to surface reclamation for orphan wells and extra money is being added into the program by the energy industry. Other solutions are also being explored. It is hoped the 1999 amendments to Section 39 will help curtail and eventually reduce these expenditures. It provides greater deterrents to default of payments and broadens the base of responsibility for payment of compensation.

Financial Plan

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Expense	2,275	2,140	2,207	1,785	1,811

Appendix 8: Agricultural Products Marketing Council

Business Plan 2000-03

Background

Marketing Council is an integral agency of the Ministry established under the authority of the *Marketing of Agricultural Products Act*. Its roles and responsibilities as defined by this statute consist primarily of:

- Advising the Minister
- Administering the legislation
- Establishing, administering, and ensuring enforcement of approved marketing regulations
- Supervising the operations of the boards and commissions

There are currently fifteen boards and commissions operating under the Act. They represent almost four billion dollars in farm cash receipts annually, or about three out of every four dollars of farm cash receipts in the province.

Council's activities facilitate industry initiatives in the areas of research, promotion, and market development. Through working groups, Council also encourages the boards and commissions to broaden their focus beyond regulatory control by encouraging the development of sound business practices and strategic planning.

Mission

Council's mission, in administering the legislation, is to enable commodity organizations to assist their industry to be more profitable and globally competitive in Alberta's expanding agriculture and food sector.

Ministry Alignment

The Ministry's Mission "to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services" is central to Marketing Council's activities. Council also shares the vision of a Ministry of "competent and valued staff working together and in partnership with others to achieve a world class industry."

One of Council's key roles is to ensure that the necessary regulatory infrastructure is in place to support industry growth and development. Council is committed to creating a regulatory environment that will enable commodity organizations to assist producers and processors in their efforts to be more profitable and globally competitive.

Marketing Council's activities are guided by a five year strategic plan which is centered around three goals:

- Effective working relationships
- Effective council, boards and commissions
- A growing and viable agriculture and food sector

The goals, strategies and actions contained in the strategic plan support the Ministry's Goals 1, 2, 3, and 8. The following details the linkages between the Ministry's Business Plan and Council's strategies, expected results, measures and actions.

Ministry Goal #1: Improved access to domestic and world market opportunities

Strategies	• Partner with others to support industry growth and take advantage of export and world market opportunities
Expected Results	• Increased awareness of market development opportunities • Increased awareness by boards and commissions of opportunities and challenges resulting from changing market and policy environment
Measures	• Restructuring of Alberta Pork Producers Development Corporation (APPDC) and Western Hog Exchange • Contributions toward the development of federal/provincial agreements that reflect Alberta priorities • Board and commission strategic plans reflect a broader market focus
Actions	• Assist boards and commissions wanting to restructure in order to take advantage of growth opportunities • Encourage the use of competitive intelligence and new technologies to identify and capitalize on market opportunities • Encourage the sharing and exchange of information and ideas between boards and commissions on new market opportunities • Ensure that federal/provincial agreements allow for continued industry growth • Encourage boards and commissions to prepare for challenges/opportunities resulting from World Trade Organization (WTO) decisions • Continue to support the restructuring of the APPDC to more effectively meet the needs of the industry

Ministry Goal #2: Improved competitiveness of industry commodities, products and services

Strategies	• Facilitate educational/training opportunities for boards and commissions • Work with boards and commissions to ensure that their Plans and Marketing regulations are progressive, provide flexibility and reflect market realities
Expected Results	• Directors of boards and commissions have the necessary competencies, skills and training to perform their responsibilities effectively • Cooperation between commodity organizations and producers • Positive environment for industry to pursue development of products and markets • Marketing Plans and Regulations viewed as facilitating industry growth and expansion
Measures	• Percentage of new directors who complete Board Governance training • Results from training needs assessment survey • Course assessment feedback • The number of boards and commissions which have completed strategic plans • Changes made to policies and regulations where change is wanted or required • Contributions made towards reducing regulatory impediments
Actions	• Conduct a survey to assess the educational/training needs of boards and commissions • Facilitate board governance workshop for new directors of boards and commissions • Continue to support and encourage early conflict resolution • Begin preparations for the next round of Regulatory Review to begin in 2001 • Support the ongoing review and update of regulations • Work with commodity organizations who wish to establish new boards and commissions • Continue to encourage strategic planning and implementation • Encourage open communication between all stakeholders before any proposed regulation change • Review the *Marketing of Agricultural Products Act* and Council policies to ensure that they are proactive and reflect global realities

Ministry Goal #3: Increased amount of value added to industry commodities, products and services

Strategies	• Partner with others to support industry growth and take advantage of export and world market opportunities
Expected Results	• Increased focus by boards and commissions on processing opportunities
Measures	• Contributions to increased value added processing in the province
Actions	• Encourage co-operation between boards, commissions, and AAFRD to examine further processing and integrated market opportunities • Work with the Alberta Egg Producers and others to examine the potential for a processed egg industry

Ministry Goal #8: Improved management of Ministry resources

Strategies	• Strengthen rapport and working relations with boards and commissions, Alberta Agriculture, Food and Rural Development and industry • Strengthen the Marketing Council team
Expected Results	• Understanding and awareness by boards, commissions, AAFRD and industry of Marketing Council's roles and responsibilities • Understanding and awareness by Marketing Council of board, commission and industry issues and priorities • Trust between Marketing Council and the boards and commissions • Marketing Council members and staff have the necessary competencies, training and skills to perform their responsibilities effectively and efficiently • Staff participate in work assignments, developmental opportunities, "acting" capacities, secondments, etc., assisting ministry succession with a diverse pool of capable human resources
Measures	• Results from client survey • Results of training needs assessment • The number of Appeal Tribunal hearings • Increased cooperation between Council, boards and commissions, AAFRD and industry • Increased linkages between Marketing Council's strategic plan and the Ministry's Business Plan • Course and training assessment feedback • Progress assessment of implementation of Marketing Council's strategic plan
Actions	• Maintain working groups for ongoing liaison with boards and commissions • Present Council's mandate at board and commission Annual General Meetings • Facilitate an annual meeting between Council, the Minister and the boards and commissions • Facilitate an annual meeting between Council and Executive Committee • Provide for individual board and commission presentations to Council • Encourage joint attendance of non-working group members at zone/regional meetings • Conduct an annual survey of Council members and staff • Provide educational and training opportunities for Council members and staff • Staff participate in succession training and career development opportunities • Hold Council meetings around the province to promote communication with industry • Conduct semi-annual and annual reviews of the implementation of Council's strategic plan • Improve internal communications through the use of e-mail and a monthly calendar of events

Financial Plan

Marketing Council continues to take steps to streamline operations and become more efficient. For example, Marketing Council, in agreement with Alberta's boards and commissions, has a cost-recovery policy in place for formal appeals. In addition, executive training courses, such as the board governance workshop, are partly developed and promoted by Council. However, they are held completely through private companies that recover workshop costs from participants. Efforts have also been made to keep Council and staff at a reasonable size given the demanding work-load. Council meetings are held when there is sufficient agenda business and they are a mix of intensive in-person meetings and tele-conference meetings to provide timely decisions and keep travel costs to a minimum. The working group structure has also increased effectiveness and assisted in reducing expenditures.

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Expense	**479**	**509**	**543**	**545**	**552**

Appendix 9: Alberta Grain Commission

Business Plan 2000-03

Looking Ahead

In forming this business plan through to 2003, the Alberta Grain Commission (AGC) met to discuss the evolution of the Alberta grain industry and the future issues likely to affect the industry and hence the activities and performance of the AGC. The AGC expects to see:

- Significant changes to the handling and transporting of bulk grain due to ongoing elevator rationalization, adoption of the Estey principles through the 1999 Kroeger process and the resulting commercial contractual arrangements with appropriate legislation. The industry will be more accountable.
- Follow-through from changes to the Canadian Wheat Board Act in 1998 and the new governance which started in 1999.
- Growing awareness of consumers all over the world to biotechnology, the environment and food safety will have an increasing impact on the grain industry.
- Decisions from the next round of World Trade Organization (WTO) negotiations which will critically affect the Canadian grain industry as a significant world exporter. The next round will begin before this plan is in place and will hopefully end before this plan is completed.
- Concerns about farm incomes and stability will continue due to price and weather volatility. Sustained periods of profits are unlikely. As a result, continued consolidation of grain farms will continue in order to match the ever rising cost structure. Among other management tools farmers will continue to need effective market signals for a greater range of crops, market choices, appropriate risk management tools and skills.
- More strategic alliances (value chains), tightening the link between input suppliers, farmers and consumers through attribute specific marketing and quality assurance programs (i.e., identity preservation, niche marketing, contract specifications). In particular, more value adding of prairie grains (i.e., greater domestic use).

All of this will affect how Alberta farmers make their individual business decisions and their profitability.

One of the main activity areas of the AGC is with regard to the Canadian Wheat Board (CWB). The monopoly control and influence of the CWB hampers farmers' business decisions, and hinders the development of our value-added industry. The AGC sees four avenues for dealing with this issue: institutional change, provincial action, international pressures and federal legislative change. In June 1999 the members of the Commission decided that it was time to pursue different approaches for wheat and barley.

While the AGC will work toward these desired ends for wheat and barley, we must also be pragmatic in our planning. We still face a huge wall, the current "law of the land". At the same time, monitoring of the state of the industry suggests that as farmers make individual business decisions, more and more they are choosing to grow crops and serve markets outside of the CWB's direct jurisdiction. The influence of the CWB on prairie agriculture is still large and overpowering, but it is declining.

The AGC monitors these and other grain industry issues as part of our mandate and mission (see below). During this business planning period, the AGC will celebrate its 30th anniversary. With the global marketplace becoming more dynamic in terms of competitiveness and opportunities, our mandate is as relevant today as it was in 1972. We continually look back to review our mandate, look around to see the state of the industry and emerging issues, and look forward to where Alberta's grain industry is going and where it should be heading.

Mandate

The Alberta Grain Commission (AGC) was established by Ministerial Order in 1972. The current mandate of the AGC, as specified in 1977, is to:

- examine all facets of the grain and oilseeds industry, including storage, transportation, marketing, and supply stabilization.
- make policy recommendations to the Minister of Agriculture (with respect to any matter referred to above).
- maintain liaison with other governments, groups or boards within and outside Alberta.
- carry out such other assignments related to the matters above and as may be specified by the Minister of Agriculture.

An example of the latter responsibility is the grain price information. This is heard on radio stations around the province, is available through a phone-in service or through the Internet (http://www.agric.gov.ab.ca/navigation/agencies/agc/index.html). Elevator prices are gathered and reported as a daily average by the AGC. Feedgrain prices from feedmills and feedlots are gathered each week and reported as a range.

Effective liaison is maintained with farmers, other governments, organizations and grain traders. The AGC is a member of the Canada Grains Council, the Pacific North West Economic Region (PNWER) and the Agri-Industry Trade Group (AITG). Since 1977, the AGC mandate has broadened to include such matters as special crops and price stabilization.

The AGC is comprised of six farmers from various parts of the province and three representatives from the Ministry of Agriculture, Food and Rural Development.

Mission

To ensure that policies and programs meet the needs of Alberta grain, oilseed and special crop farmers, and promote a viable market-driven farm and agri-food sector.

Linkage to Ministry Business Plan

As an agency of the provincial government within the Ministry of Agriculture, Food and Rural Development, the Alberta Grain Commission's 2000-03 business plan is linked to the Ministry's Business Plan as laid out below.

Ministry Goal #1: Improved Access to Domestic And World Market Opportunities

Key Result #1-1 Wheat: Voluntary Marketing System for Alberta Farmers

Measure	Target
• Changes in CWB programs, policy and legislation to allow more marketing choice	• An increase in the number of CWB pricing or delivery options, providing more market choice • A system for the election of CWB directors that recognizes volume of production

Strategies:

- Advocate for institutional change (i.e., changes within the CWB's legislated mandate).
- Advocate for legislative change with other industry partners and the Government of Alberta.

Actions:

Year 1:
- Advocate for improved CWB programs (more pricing and delivery options, more transparent buyback).
- Develop practical examples of the desired options, to increase awareness and understanding in the farm community (e.g., flexible pooling, more wheat pooling, spot or forward contracts).
- Document the appropriate methods for Canada/US price comparisons.
- Increase understanding of the Australian Wheat Board as a comparative agency.

Year 2 and 3:
- Publish prices (or provide Internet links) to increase awareness and understanding of market arbitrage.
- Monitor and assess the operational and legal implications of new CWB board structure in terms of accountability to farms.

Ongoing:
- Work with partners to encourage farmers to have the marketing skills and information to operate in a dual environment.
- Work with partners to lobby the CWB board of directors and the federal government for a voluntary wheat marketing system.
- Monitor elections and election procedures on an ongoing basis.
- Advocate for a voting system that acknowledges volume of production.

Key Result #1-2 Barley: Open Market System for Feed and Malt Barley Farmers

Measure	Target
• No CWB role in barley marketing	• Increase in the amount of barley used in the domestic feed and malt market

Strategies:

- Advocate for institutional change (i.e., changes within the CWB's legislated mandate).
- Advocate for legislative change with other industry partners and the Government of Alberta.

Actions:

- Define and advocate for the needed improvements in the CWB malt contracting system.
- Define the steps needed to remove barley from the CWB.
- Work with partners to lobby the CWB board of directors and the federal government for desired changes.

Key Result #1-3 Elimination of Barriers Which Limit Access or Distort Grain Markets

Measure	Target
• Fewer barriers limiting access to grain markets	• Incorporation of the Agri-Industry Trade Group (AITG) positions into Canada's negotiating positions and eventual adoption at the next WTO round • Adoption of recommendations from Grain Summit II and the Montana-Alberta Agriculture Opportunities Conference

Strategies:

- Advocate for reduced barriers by working with the Ministry and industry.

Actions:

- Monitor Canada's negotiating position and progress at WTO, relative to grains.
- Continue to participate in the AITG to ensure Alberta grain farmers' needs are addressed.
- Advocate for improved market access for organic cereal exports, as desired by the industry.
- Work with industry groups such as PNWER and the Montana-Alberta groups to encourage cross border discussions and resolution of problems.
- Monitor the world situation to establish whether the Canadian grain industry is globally competitive, especially relative to South America and Australia.
- Monitor world developments pertaining to the biotechnology issue and grains.

Ministry Goal #2: Improved Competitiveness of Industry Commodities, Products and Services

Key Result #2-1 More Accountable and Less Costly Grain Handling and Transportation System

Measure	Target
• Improved basis levels and CWB deductions	• Reduction of 10 per cent in basis levels and CWB deductions • Adoption of the Estey framework • Review of the Canada Grains Act

Strategies:

- Advocate for adoption of the Estey framework.
- Advocate for a review of the Canada Grains Act.

Actions:

- Monitor the implementation of the Kroeger plan based on Estey's recommendations.
- Develop and publish (including on the Internet) basis quotes and explanatory material for use by marketing clubs and individuals.
- Increase the gathering of prices from high through-put facilities.
- Advocate for changes to the CGC and the Canada Grains Act.

Key Result #2-2 Maintain the Competitiveness of the Grain Farming Sector

Measure	Target
• Growth in Alberta's market share of crop receipts	• Minimize the negative impact of policies on farming • Low level of fusarium head blight in Alberta

Strategies:

- Advocate for beneficial policies and programs which don't increase costs or decrease revenue to the farmer.
- Maintain active participation on the Fusarium Head Blight Response Team.

Actions:

- Monitor emerging issues such as climate change, acceptance of biotechnology, food safety and progression of fusarium head blight.
- Participate and respond as needed (e.g., positions, updates on status to the industry, workshops).

Ministry Goal #3: Increased Amount of Value Added to Industry Commodities, Products and Services

Key Result #3-1 Increased value-adding (i.e., domestic use) of grains

Measure	Target
• Growth in the domestic use of Canadian grains	• Increased use of grains in the domestic market

Strategies:

- Advocate for the value-added cereal sector to purchase grain directly from producers.
- Work with industry and government to foster value chain linkages.

Actions:

- Define the status, trends and opportunities in the domestic grain industry to make more readily accessible for value adding, advocacy or other activities by industry and government partners.
- Advocate for changes to federal policies that discourage value adding in Alberta.
- Support efforts of the industry to develop the domestic feed pea market.
- Participate in the development of an appropriate ethanol policy.

Ministry Goal #5: Increased Capability of Industry to Manage Risk

Key Result #5-1 Effective Private and Public Risk Management Information and Tools Available to Farmers

Measure	Target
• Use of AGC price information • Improved programs to manage risk	• An increase in the number of Internet site hits, number of calls to voice messaging and number of media stations faxed and reporting the information • An official review of the Alberta crop insurance program

Strategies:

- Provide timely, relevant price information.
- Advocate for a review of crop insurance to ensure it meets the needs of Alberta farmers.

Actions:

- Make the price information more responsive to user needs by making more interactive via e-mail and voice messaging.
- Increase awareness, understanding and use of market prices published by the AGC.
- Improve use as a risk management tool by providing cash price graphs on the Internet.
- Work with government agencies to ensure grain farmers views and needs are represented.

Financial Plan

($ thousands)	1998-99 Actual	1999-2000 Forecast	2000-01 Estimate	2001-02 Target	2002-03 Target
Expense	**206**	**231**	**237**	**237**	**241**

National Library of Canada
Bibliothèque nationale du Canada
3 3286 52018761 4